

## TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1  
Stylesheet Version v1.2

ETAS ID: TM551064

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	ASSIGNMENT OF THE ENTIRE INTEREST AND THE GOODWILL		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Action Labor Management, LLC		03/16/2018	Limited Liability Company:
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	WO Partners, LLC		
<b>Street Address:</b>	624 Nottingham Blvd		
<b>City:</b>	West Palm Beach		
<b>State/Country:</b>	FLORIDA		
<b>Postal Code:</b>	33405		
<b>Entity Type:</b>	Limited Liability Company: FLORIDA		
<b>PROPERTY NUMBERS Total: 2</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	2606978	ACTION LABOR & STAFFING CONNECTION TARGE	
<b>Registration Number:</b>	2606977	AL	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>			
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
<b>Phone:</b>	5616831211		
<b>Email:</b>	fsantos@actionlabor.com		
<b>Correspondent Name:</b>	WO Partners LLC		
<b>Address Line 1:</b>	624 Nottingham Blvd		
<b>Address Line 4:</b>	West Palm Beach, FLORIDA 33405		
<b>NAME OF SUBMITTER:</b>	Paul Chase		
<b>SIGNATURE:</b>	/PC221119/		
<b>DATE SIGNED:</b>	11/26/2019		
<b>Total Attachments: 53</b>			
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source=04 Asset Purchase Agreement (Waterfield-Action Labor)#page4.tif			

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**ASSET PURCHASE AGREEMENT**

**BY AND AMONG**

**ACTION LABOR OF THE CAROLINAS LLC,  
ACTION LABOR OF FLORIDA LLC,  
ACTION LABOR MANAGEMENT LLC,  
KH PARTNERS LIMITED PARTNERSHIP, KAREN A. HOOVER,  
INC., AND KAREN HOOVER,**

**WATERFIELD FLORIDA STAFFING, LLC,  
WATERFIELD SOUTH CAROLINA STAFFING, LLC,  
AND  
WATERFIELD STAFFING MANAGEMENT, LLC**

**DATED AS OF MARCH 16, 2018**

## EXHIBITS

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
A	Mandatory Consents
B	Bill of Sale, Assignment and Assumption Agreement
C	Escrow Agreement
D-1-D-2	Employment Agreements
E-1 to E-2	Lease Agreements
F	Payoff Letters
G	Closing Payment/Funds Flow

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## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “*Agreement*”) is made as of March 16, 2018 (the “*Closing Date*”), by and among Action Labor of the Carolinas LLC, a Nevada limited liability company (“*AL Carolina*”), Action Labor of Florida LLC, a Nevada limited liability company (“*AL Florida*”), Action Labor Management LLC, a Nevada limited liability company (“*AL Management*”, and collectively with AL Carolina and AL Florida, “*Sellers*” and individually as “*Seller*”), KH Partners Limited Partnership (“*KH Partners*”), Karen A. Hoover, Inc. (“*KH Inc.*”), and Karen A. Hoover (“*Ms. Hoover*”, and collectively with KH Partners and KH Inc., “*Shareholders*”), on one hand, and Waterfield Florida Staffing, LLC, a Florida limited liability company (“*Waterfield Florida*”), Waterfield South Carolina Staffing, LLC, a South Carolina limited liability company (“*Waterfield Carolina*”), and Waterfield Staffing Management, LLC, a Florida limited liability company (“*Waterfield Management*”, and collectively with Waterfield Florida and Waterfield Carolina, “*Buyers*” and individually “*Buyer*”) on the other hand.

### RECITALS

A. Sellers have been engaged in the business of providing skilled and unskilled temporary labor force for various industries, including without limitation, construction, real estate, and municipalities and school districts, primarily in Florida and South Carolina, but from time to time in other nearby states (the “*Business*”).

B. Sellers desire to sell to Buyers, and Buyers desire to (i) purchase from Sellers the Business and substantially all of the assets of Sellers used in the operation of the Business and the personal goodwill of Shareholders in the Business, and (ii) lease the owned real estate of Sellers as of the Closing.

C. Buyers are not assuming any liabilities except the specified Assumed Liabilities (defined below) on the terms and conditions set forth in this Agreement.

D. Shareholders, directly or indirectly, own all of the membership interests in Sellers, and as a result, the Shareholders, will be indirect beneficiaries of the consideration given to Sellers pursuant to this Agreement and are selling their personal goodwill in the transaction.

E. Concurrently with the Closing, Buyers also desire to enter into real estate lease agreements (the “*Lease Agreements*”): (A) lease between Waterfield Florida and Mother’s Sauces LLC, for the lease of the Pensacola, FL facility used in the Business of AL Florida (“*Pensacola Lease*”), and (B) lease between Waterfield Florida and Mother’s Sauces LLC, for the lease of the West Palm Beach, FL facility used in the Business of AL Florida (“*West Palm Beach Lease*”, and collectively with the Pensacola Lease, the “*New Leases*”).

NOW, THEREFORE, in consideration of the recitals and the respective undertakings set forth herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers, Shareholders and Buyers, intending to be legally bound, agree as follows:

## ARTICLE 1

### DEFINITIONS

1.1 **Certain Definitions.** When used in this Agreement, the following terms shall have the meanings specified:

“***Affiliate***” of a Person means when used with respect to a particular Person: (a) any Person who, directly or indirectly, controls, is controlled by, or is under common control with that Person (each, a “***Control Person***”); (b) any Person who is related by blood, adoption or marriage to that Person (each, a “***Related Person***”); or (c) any Person who is related by blood, adoption or marriage to a Control Person or a Related Person.

“***Assumed Agreements***” means collectively Florida Assumed Agreements, Carolina Assumed Agreements and Management Assumed Agreements.

“***Books and Records***” means collectively Florida Books and Records, Carolina Books and Records, and Management Books and Records.

“***Cash Purchase Price***” means an amount of \$12,000,000 for all Purchased Assets paid collectively by Buyers.

“***Consent***” means any consent, order, approval, authorization, ratification, waiver, or other action of, or any filing with or notice to or other action with respect to, any Governmental Entity or any other Person which is required for any of the execution, delivery or performance of the Agreement or any other Transaction Document, the consummation of any Closing transactions or other transaction contemplated hereby or thereby, or the conduct of the business or operation of the Business after the Closing, whether such requirement arises pursuant to any Legal Requirement or Contract, including any of the foregoing which is required in order to prevent a breach of or a default under or a termination or modification of any Contract, which right of breach, default, termination or modification results from the consummation of the Closing transactions.

“***Contract***” means any agreement, purchase order, project, instrument, document, lease, employee benefit or welfare plan or other business or commercial arrangement (in each case, including any extension, renewal, amendment or other modification thereof), written or oral, to which a Seller or the Business is a party or by which it is bound or to which it is subject or which pertains to the commercial business or properties of Seller.

“***Damages***” means all losses, claims, demands, debts, disputes, obligations, suits, investigations, inquires, proceedings, judgments, liabilities, damages, taxes, charges, fees, penalties, dues, fines, amounts paid in settlement, liens, costs and expenses of every kind and nature (including, but not limited to, reasonable attorneys’ fees and other costs and expenses).

“***Environmental and Safety Requirements***” means all Legal Requirements concerning public health and safety, worker health and safety, or pollution or protection of the environment, including all those relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any Hazardous Materials or otherwise regulated

materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, or polychlorinated biphenyls. This includes laws referenced in the definition of “Hazardous Materials” herein and any other international, federal, state or local laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, generation, processing, distribution, use, advertising, packaging, labeling, sale, treatment, storage, management, disposal, cleanup, transportation or handling of Hazardous Materials.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and the rules promulgated thereunder.

“**Escrow Agent**” means JP Morgan Chase N.A.

“**Escrow Agreement**” means an agreement among Sellers, Buyers and the Escrow Agent dated as of the Closing Date.

“**Escrow Amount**” means an amount equal to \$1,000,000.

“**Existing Debt**” means all Indebtedness of the Business as of the Closing.

“**Fixed Assets**” means collectively Florida Fixed Assets, Carolina Fixed Assets and Management Fixed Assets.

“**GAAP**” means United States generally accepted accounting principles.

“**Governmental Entity**” means any government, agency, governmental department, commission, board, bureau, court, arbitration panel or instrumentality of any country, or any state or other political subdivision thereof (whether now or hereafter constituted and/or existing) and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Hazardous Materials**” means any chemicals, materials, wastes or substances that are defined, regulated, determined or identified as toxic or hazardous under any Environmental and Safety Requirements (including, without limitation, substances defined as “hazardous substances”, “hazardous materials”, “hazardous waste”, “pollutant or contaminant”, “petroleum” or “natural gas liquids” in CERCLA, the Hazardous Materials Transportation Act, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, or comparable state and local statutes or in the regulations pursuant to said statutes).

“**Indebtedness**” means any of the following indebtedness of Sellers or the Business (including any prepayment or termination penalties, premiums or fees arising or which will arise out of the prepayment thereof prior to its maturity and termination), whether or not contingent, in each case if any: (a) the principal of and accrued interest, including all fees and obligations thereunder of any (i) indebtedness for borrowed money (excluding any such indebtedness for the mortgage on the real estate); (ii) liabilities evidenced by bonds, debentures, notes, convertible notes, or other similar instruments or debt securities; (iii) liabilities under or in connection with drawn letters of credit or bankers’ acceptances or similar items; or (iv) liabilities of Sellers or the Business to an affiliate of Sellers or to Shareholders; (b) liabilities to pay the deferred or installment

purchase price of property or services other than trade payables and other ordinary course accruals to the extent included in the Financial Statements; (c) any deferred purchase price liabilities, earn-out obligations or non-compete payments related to past acquisitions or divestitures; (d) Capital Lease Obligations; (e) obligations secured by a purchase money mortgage or other Lien (excluding any such indebtedness for the mortgage on the real estate); (f) liabilities with respect to unfunded pension obligations or similar post-employment plan obligations; and (g) all obligations of a type referred to in clauses (a) through (f) above which are directly or indirectly guaranteed by Sellers or the Business or which Sellers or the Business has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which it has otherwise assured a credit against loss. Indebtedness shall specifically exclude (x) accounts payable, (y) accrued expenses, and (z) deferred revenue to the extent each of (x) through (z) is included in the Financial Statements.

“**IRS**” means the Internal Revenue Service.

“**Inventory**” means collectively Florida Inventory, Carolina Inventory and Management Inventory.

“**Legal Requirements**” means all federal, state, foreign and local laws, statutes, codes, rules, regulations, ordinances, judgments, orders, decrees and the like of any Governmental Entity, including common law and administrative proceedings.

“**Lien**” means any mortgage, pledge, hypothecation, lien (statutory or otherwise), preference, priority, security agreement, easement, covenant, option, right of first offer or refusal, restriction or other encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

“**Material Adverse Effect**” means a material adverse effect or change on the business, operations, financial condition or results of operations of a Seller, taken as a whole, other than any such matters that may arise as a result of the transactions described in this Agreement or the announcement of the transactions described in the Agreement.

“**Permits**” means each of Sellers’ permits, licenses, approvals, registrations, filings, notices, and governmental authorizations, authorizations, clearances, franchises, variances, exemptions, orders, registrations and requirements listed and briefly described in Schedule 4.6.

“**Person**” means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or any Governmental Entity.

“**Proprietary Rights**” means all of the following items of the Business, along with all income, royalties, damages and payments due or payable with respect thereto, including damages and payments for past, present or future infringements or misappropriations thereof, the right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world: (a) patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice) and any reissue, continuation, continuation in part, division, revision, extension or reexamination thereof; (b) trademarks, trademark registrations, trademark applications, service

marks, trade dress, logos, domain names, trade names and corporate names together with all goodwill associated therewith; (c) copyrights registered or unregistered and copyrightable works; mask works; and all registrations, applications and renewals for any of the foregoing; (d) trade secrets and confidential information (including but not limited to, ideas, know how, research and development information, drawings, specifications, designs, plans, proposals, formulas, manufacturing, processing, and packaging information, technical data, financial, business and marketing plans and systems, and customer and supplier lists and related information); and (e) computer software and software systems, (including data, databases and related documentation).

“**Schedules**” means the information, documents and agreements listed on Schedules to be attached to this Agreement in connection with the Transaction Documents as set forth in Section 3.5.

“**Sellers Indemnitors**” means, collectively, Sellers and Shareholders.

“**Tax**” or “**Taxes**” means (a) all federal, provincial, territorial, state, municipal, local, domestic, foreign or other taxes, imposts, and assessments including ad valorem, alternative or add-on minimum, capital, capital stock, customs and import duties, disability, documentary stamp, employment, environmental (including taxes under Section 59A of the Internal Revenue Code), estimated, excise, franchise, gains, goods and services, gross income, gross receipts, income, intangible, inventory, license, mortgage recording, net income, occupation, payroll, personal premium, property, production, profits, property, real property, recording, registration, rent, sales, severance, social security, stamp, transfer, transfer gains, unemployment, unrelated business income, use, value added, windfall profits, and withholding or other tax of any kind whatsoever, together with any interest, additions, fines or penalties with respect thereto or in respect of any failure to comply with any requirement regarding Tax Returns and any interest in respect of such additions, fines or penalties; (b) liability of any Person for the payment of any amounts of the type described in clause (a) arising as a result of being (or ceasing to be) a member of any “affiliated group” (as that term is defined in Section 1504(a) of the Internal Revenue Code) or any combined, consolidated or unitary group under any similar provision of foreign, state or local law (or being included in any Tax Return relating thereto); and (c) liability for the payment of any amounts of the type described in clause (a) or (b) as a result of being a transferee or successor of any Person or contractual obligation to indemnify or otherwise assume or succeed to the liability of any other Person.

“**Tax Code**” means the Internal Revenue Code of 1986, as amended (including, where applicable, the Internal Revenue Code of 1954, as amended).

“**Tax Return**” means any return, declaration, report, claim for refund or credit, information return or other document (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination assessment or collection of Taxes or the administration of any Legal Requirement relating to any Taxes including any amendment thereof.

“**Transaction Documents**” means this Agreement, the executed versions of the Exhibits referenced herein, and all other documents entered into in connection with this Agreement.

“**Transaction Expenses**” means the transaction expenses of Sellers and Shareholders incurred in connection with this Agreement and the Transactions, including (i) any fees, transfer fees, sales tax, use tax, commissions, costs, and expenses of Sellers’ or Shareholders’ counsel, accountants, financial advisory, consulting and other experts incident to the negotiation and preparation of this Agreement and the consummation of the transactions described in this Agreement; (ii) any transaction or Closing bonuses to be paid by Sellers in connection with bonuses for services for the period up through Closing, including the employer portion of any payroll or employment Taxes imposed on Sellers with respect to such bonuses and any amounts owed by Sellers pursuant to Section 6.9.2 for pre-closing matters; (iii) without duplication, any unpaid bonus amounts or profit sharing to be paid by Sellers to any employee, whether accrued or unaccrued, for the period through Closing, including the employer portion of any unpaid payroll or employment Taxes imposed on Sellers with respect to such bonuses; and (iv) all earned but unused employee vacation and other paid time off, whether accrued or unaccrued, for the period through Closing, including the employer portion of any unpaid payroll or employment Taxes imposed on Sellers with respect to such vacation pay.

“**Vehicles**” means collectively Florida Vehicles, Carolina Vehicles, and Management Vehicles.

1.2 **Other Definitions.** The following terms shall have the definitions given them in the Sections indicated:

<u><b>Term</b></u>	<u><b>Section</b></u>
Accounting Firm	3.2.1(d)
Agreement	Preamble
AL Carolina	Preamble
AL Florida	Preamble
AL Management	Preamble
Assumed Liabilities	2.3
Basket	7.5(b)
Bill of Sale, Assignment and Assumption Agreement	3.5.2
Business	Recitals
Buyer Indemnifiable Losses	7.3
Buyer Indemnitees	7.3
Buyer(s)	Preamble
Carolina Assumed Agreements	2.1.2
Carolina Assumed Liabilities	2.3.2
Carolina Books and Records	2.1.2
Carolina Fixed Assets	2.1.2
Carolina Inventory	2.1.2
Carolina Purchased Assets	2.1
Carolina Vehicles	2.1.2
Claims Period	7.2
Closing	3.3
Closing Date	Preamble

<b><u>Term</u></b>	<b><u>Section</u></b>
Controlled Group	4.11.1
Effective Time	3.3
Employee Benefit Plans	4.11.1
Employment Agreements	3.5.4
Excluded Assets	2.2
Excluded Liabilities	2.4
Financial Statements	4.4
Florida Assumed Agreements	2.1.1
Florida Assumed Liabilities	2.3.1
Florida Books and Records	2.1.1
Florida Fixed Assets	2.1.1
Florida Inventory	2.1.1
Florida Purchased Assets	2.1
Florida Vehicles	2.1.1
Fundamental Representations	7.2
Indemnifiable Losses	7.4
Indemnified Party	7.4
Indemnifying Party	7.4
Lease Agreements	Recitals
Leased Property(ies)	4.20.1
Leases	4.20.1
Management Assumed Agreements	2.1.3
Management Assumed Liabilities	2.3.3
Management Books & Records	2.1.3
Management Fixed Assets	2.1.3
Management Inventory	2.1.3
Management Purchased Assets	2.1
Management Vehicles	2.1.3
Mandatory Consents	3.5.1
Misclassified Asset	6.13
Net Tax Benefit	7.5(i)
New Leases	Recitals
Objection Notice	3.2.1(c)
Pensacola Lease	Recitals
Purchase Price	3.1
Purchased Assets	2.1
Schedules	3.4
Seller(s)	Preamble
Sellers Indemnifiable Losses	7.4
Sellers Indemnitees	7.4
Sellers' Knowledge/ Best Knowledge/ Best of Knowledge	9.1
Shareholders	Preamble



<u>Term</u>	<u>Section</u>
Territory	8.1.2
Third Party Claim	7.7.1
WARN Act	6.8.3
Waterfield Carolina	Preamble
Waterfield Florida	Preamble
West Palm Beach Lease	Recitals

## ARTICLE 2

### PURCHASE AND SALE

2.1 **Purchased Assets.** Subject to the terms and conditions set forth in this Agreement, and except for the Excluded Assets as expressly provided in Section 2.2, at the Closing and upon the terms and conditions of this Agreement, (A) AL Florida shall sell, assign, transfer, deliver and convey to Waterfield Florida, and Waterfield Florida shall purchase and accept from AL Florida, free and clear of any Liens, all of AL Florida’s right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets as expressly provided in Section 2.2), which relate to, or are used or held for use in connection with, the Business of AL Florida (whether or not reflected on the Financial Statements), and all personal goodwill of Shareholders relating to the Business of AL Florida (“**Florida Purchased Assets**”); (B) AL Carolina shall sell, assign, transfer, deliver and convey to Waterfield Carolina, and Waterfield Carolina shall purchase and accept from AL Carolina, free and clear of any Liens, all of AL Carolina’s right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets as expressly provided in Section 2.2), which relate to, or are used or held for use in connection with, the Business of AL Carolina (whether or not reflected on the Financial Statements), and all personal goodwill of Shareholders relating to the Business of AL Carolina (“**Carolina Purchased Assets**”); and (C) AL Management shall sell, assign, transfer, deliver and convey to Waterfield Management, and Waterfield Management shall purchase and accept from AL Management, free and clear of any Liens, all of AL Management’s right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets as expressly provided in Section 2.2), which relate to, or are used or held for use in connection with, the Business of AL Management (whether or not reflected on the Financial Statements), and all personal goodwill of Shareholders relating to the Business of AL Management (“**Management Purchased Assets**”, and collectively with the Florida Purchased Assets and Carolina Purchased Assets, the “**Purchased Assets**”), including the following:

2.1.1 For the Florida Purchased Assets:

(a) All employee advances, receivables, prepaid expenses, rebates, advance payments, deposits and other current assets of the Business of AL Florida;

(b) All inventory, goods, raw materials, work in progress, packaging, supplies, parts and other inventories, net of excess and obsolete charges, used in the operation of the Business of AL Florida, including those described on Schedule 2.1.1(b) (the “**Florida Inventory**”);

(c) All supplies, tools, furniture, fixtures, computer hardware and accessories, equipment and tools used in the operation of the Business of AL Florida and leases of personal property, including those described on Schedule 2.1.1(c) (the “**Florida Fixed Assets**”);

(d) All Contracts and proposals related to the operation of the Business of AL Florida, including without limitation contracts with respect to Employee Benefit Plans and intellectual property licenses, as listed on Schedule 2.1.1(d) (“**Florida Assumed Agreements**”) other than those specified on Schedule 2.2;

(e) Motor vehicles specified on Schedule 2.1.1(e) (“**Florida Vehicles**”), excluding the vehicles listed on Schedule 2.2, which will be Excluded Assets;

(f) Proprietary Rights of AL Florida specified on Schedule 2.1.1(f);

(g) All prepaid assets of AL Florida (except those listed on Schedule 2.2(a) as Excluded Assets);

(h) All cash deposits received for work not yet rendered or for costs that have not yet been paid by AL Florida;

(i) To the extent assignable, all Permits, used in the operation of the Business of AL Florida;

(j) To the extent assignable, all unexpired equipment, construction and other warranties and claims relating to Florida Purchased Assets;

(k) All memberships, rights to refunds, agencies, rights to royalty payments, and to the extent assignable, claims or causes of action against third parties relating to the Florida Purchased Assets or Florida Assumed Liabilities;

(l) All bank accounts, telephone, e-mail and facsimile numbers related to the Business of AL Florida;

(m) All books, ledgers, files, records, manuals, customer and vendor information, business records relating to prospects, customer, sales and purchasing lists, and other materials of any kind or nature relating to the Business of AL Florida, other than minute books, stock records and corporate seals of AL Florida (“**Florida Books and Records**”);

(n) The rights to the name “Action Labor of Florida” (other than in connection with Sellers’ administration and winding down of Sellers and the sale of the Florida

Purchased Assets and other administrative activities following Closing, provided that the foregoing names cannot be used with temporary labor services or operations following Closing); and

(o) All goodwill of the Business of AL Florida relating to the foregoing.

2.1.2 For the Carolina Purchased Assets:

(a) All employee advances, receivables, prepaid expenses, rebates, advance payments, deposits and other current assets of the Business of AL Carolina;

(b) All inventory, goods, raw materials, work in progress, packaging, supplies, parts and other inventories, net of excess and obsolete charges, used in the operation of the Business of AL Carolina, including those described on Schedule 2.1.2(b) (the “*Carolina Inventory*”);

(c) All supplies, tools, furniture, fixtures, computer hardware and accessories, equipment and tools used in the operation of the Business of AL Carolina and leases of personal property, including those described on Schedule 2.1.2(c) (the “*Carolina Fixed Assets*”);

(d) All Contracts and proposals related to the operation of the Business of AL Carolina, including without limitation contracts with respect to Employee Benefit Plans and intellectual property licenses, as listed on Schedule 2.1.2(d) (“*Carolina Assumed Agreements*”) other than those specified on Schedule 2.2;

(e) Motor vehicles specified on Schedule 2.1.2(e) (“*Carolina Vehicles*”), excluding the vehicles listed on Schedule 2.2(a), which will be Excluded Assets;

(f) Proprietary Rights of AL Carolina specified on Schedule 2.1.2(f);

(g) All prepaid assets of AL Carolina (except those listed on Schedule 2.2(b) as Excluded Assets);

(h) All cash deposits received for work not yet rendered or for costs that have not yet been paid by AL Carolina;

(i) To the extent assignable, all Permits, used in the operation of the Business of AL Carolina;

(j) To the extent assignable, all unexpired equipment, construction and other warranties and claims relating to Carolina Purchased Assets;

(k) All memberships, rights to refunds, agencies, rights to royalty payments, and to the extent assignable, claims or causes of action against third parties relating to the Carolina Purchased Assets or Carolina Assumed Liabilities;

(l) All bank accounts, telephone, e-mail and facsimile numbers related to the Business of AL Carolina;

(m) All books, ledgers, files, records, manuals, customer and vendor information, business records relating to prospects, customer, sales and purchasing lists, and other materials of any kind or nature relating to the Business of AL Carolina, other than minute books, stock records and corporate seals of AL Carolina ("***Carolina Books and Records***");

(n) The rights to the names "Action Labor of the Carolinas" (other than in connection with Sellers' administration and winding down of Sellers and the sale of the Carolina Purchased Assets and other administrative activities following Closing, provided that the foregoing names cannot be used with temporary labor services or operations following Closing); and

(o) All goodwill of the Business of AL Carolina relating to the foregoing.

2.1.3 For the Management Purchased Assets:

(a) All employee advances, receivables, prepaid expenses, rebates, advance payments, deposits and other current assets of the Business of AL Management;

(b) All inventory, goods, raw materials, work in progress, packaging, supplies, parts and other inventories, net of excess and obsolete charges, used in the operation of the Business of AL Management, including those described on Schedule 2.1.2(b) (the "***Management Inventory***");

(c) All supplies, tools, furniture, fixtures, computer hardware and accessories, equipment and tools used in the operation of the Business of AL Management and leases of personal property, including those described on Schedule 2.1.2(c) (the "***Management Fixed Assets***");

(d) All Contracts and proposals related to the operation of the Business of AL Management, including without limitation contracts with respect to Employee Benefit Plans and intellectual property licenses, as listed on Schedule 2.1.2(d) ("***Management Assumed Agreements***") other than those specified on Schedule 2.2;

(e) Motor vehicles specified on Schedule 2.1.2(e) ("***Management Vehicles***"), excluding the vehicles listed on Schedule 2.2(a), which will be Excluded Assets;

(f) Proprietary Rights of AL Management specified on Schedule 2.1.2(f);

(g) All prepaid assets of AL Management (except those listed on Schedule 2.2(b) as Excluded Assets);

(h) All cash deposits received for work not yet rendered or for costs that have not yet been paid by AL Management;

(i) To the extent assignable, all Permits, used in the operation of the Business of AL Management;

(j) To the extent assignable, all unexpired equipment, construction and other warranties and claims relating to Management Purchased Assets;

(k) All memberships, rights to refunds, agencies, rights to royalty payments, and to the extent assignable, claims or causes of action against third parties relating to the Management Purchased Assets or Management Assumed Liabilities;

(l) All bank accounts, telephone, e-mail and facsimile numbers related to the Business of AL Management;

(m) \$250,000 in cash;

(n) All books, ledgers, files, records, manuals, customer and vendor information, business records relating to prospects, customer, sales and purchasing lists, and other materials of any kind or nature relating to the Business of AL Management, other than minute books, stock records and corporate seals of AL Car Management (“*Management Books and Records*”);

(o) The rights to the names “Action Labor Management” (other than in connection with Sellers’ administration and winding down of Sellers and the sale of the Management Purchased Assets and other administrative activities following Closing, provided that the foregoing names cannot be used with temporary labor services or operations following Closing); and

(p) All goodwill of the Business of AL Management relating to the foregoing.

2.2 **Excluded Assets.** Notwithstanding anything to the contrary contained in Section 2.1 or elsewhere in this Agreement, the assets set forth below are not part of the sale and purchase contemplated hereunder, are expressly excluded from the Purchased Assets, and shall remain the property of Sellers after the Closing (the “*Excluded Assets*”): (a) all minute books, stock records and corporate seals; (b) all CGL insurance policies; (c) all agreements not identified as Assumed Agreements, as listed on Schedule 2.2, for AL Carolina, AL Florida, and AL Management; (d) all claims for refund of Taxes relating to the operation of the Business prior to Closing; (e) all rights in connection with and assets of the Sellers’ workers compensation policy with Sunz Insurance; (f) all owned real estate; (g) all intercompany receivables; (h) receivables relating to loans and/or advances to employees and officers of Sellers; (i) except for \$250,000 in cash that is included in the Purchased Assets, all cash remaining in Sellers bank accounts *less* amounts for issued but outstanding and uncashed checks written by Sellers, *plus* amounts for issued but outstanding and uncashed checks received by Sellers, (j) bank accounts listed on Schedule 2.2, and (k) all rights of Sellers under this Agreement and the documents to be delivered under this Agreement in connection with the consummation of the transactions contemplated herein.

2.3 **Assumed Liabilities.**

2.3.1 At the Closing, subject to Section 2.4, Waterfield Florida shall assume and shall agree to pay and discharge when due those liabilities as set forth below, upon the terms and conditions contained herein (the “**Florida Assumed Liabilities**”): (a) accounts payable, accrued expenses and lease obligations (to the extent listed on Schedule 2.3.1) for the Florida Purchased Assets incurred in the ordinary course of the Business of AL Florida as of Closing (and not any liability for actions or omissions prior to the Effective Time) and shown on the Financial Statements (defined below); (b) all liabilities arising under or relating to the Florida Assumed Agreements solely from or after the Effective Time (and not any liability for actions or omission prior to the Effective Time); and (c) all liabilities arising out of or relating to Waterfield Florida’s ownership of Florida Purchased Assets arising after the Effective Time.

2.3.2 At the Closing, subject to Section 2.4, Waterfield Carolina shall assume and shall agree to pay and discharge when due those liabilities as set forth below, upon the terms and conditions contained herein (the “**Carolina Assumed Liabilities**”): (a) accounts payable, accrued expenses and lease obligations (to the extent listed on Schedule 2.3.2) for the Carolina Purchased Assets incurred in the ordinary course of the Business of AL Carolina as of Closing (and not any liability for actions or omissions prior to the Effective Time) and shown on the Financial Statement (defined below); (b) all liabilities arising under or relating to the Carolina Assumed Agreements solely from or after the Effective Time (and not any liability for actions or omission prior to the Effective Time); and (c) all liabilities arising out of or relating to Waterfield Carolina’s ownership of Carolina Purchased Assets arising after the Effective Time.

2.3.3 At the Closing, subject to Section 2.4, Waterfield Management shall assume and shall agree to pay and discharge when due those liabilities as set forth below, upon the terms and conditions contained herein (the “**Management Assumed Liabilities**”): (a) accounts payable, accrued expenses and lease obligations (to the extent listed on Schedule 2.3.3) for the Management Purchased Assets incurred in the ordinary course of the Business of AL Management as of Closing (and not any liability for actions or omissions prior to the Effective Time) and shown on the Financial Statements; (b) all liabilities arising under or relating to the Carolina Assumed Agreements solely from or after the Effective Time (and not any liability for actions or omission prior to the Effective Time); and (c) all liabilities arising out of or relating to Waterfield Management’s ownership of Management Purchased Assets arising after the Effective Time.

Florida Assumed Liabilities, Carolina Assumed Liabilities, and Management Assumed Liabilities are collectively referred to herein as “**Assumed Liabilities**”.

2.4 **No Assumption of Liabilities**. Except as provided for in Section 2.3, Buyers are not assuming any liability or obligation (liquidated, contingent or otherwise) of Sellers. Without limiting the generality of the foregoing, Buyers are not assuming, and Sellers shall be solely responsible for, any liability of Sellers, direct or indirect, known or unknown, absolute or contingent, including (a) all liabilities relating to Business prior to the Effective Time, including any Sellers obligations for insurance relating to the Business; (b) all liabilities under Contracts which are not part of the Assumed Agreements; (c) all liabilities of the Business reflected in the Financial Statements that are not Assumed Liabilities, which includes but is not limited to payroll liabilities and intercompany payables; (d) all obligations and liabilities under Contracts which are not part of the Assumed Liabilities; (e) all obligations and liabilities arising out of the operation of the Business or ownership or possession of the Purchased Assets prior to Closing including any

liability, obligation, claim or Damage related to Assumed Agreements (including any indemnification, warranty or other claims with respect to Assumed Agreements for matters related to or arising from actions, activities or omissions prior to Closing), or the Business occurring prior to Closing; (f) all indebtedness of the Business; (g) all liabilities for Taxes; (h) any amount payable to or other obligations or liability associated with the services provided by or the activities of any current or former employees, consultants, sales representatives, distributors, independent contractors or other service providers, including but not limited to any employee benefit plan liability; (i) any additional litigations, claims, or Damages that may arise or relate to occurrences prior to Closing; (j) any liabilities arising under or in connection with litigations or claims that may arise or relate to Sellers' actions or failure to act prior to Closing with respect to any Contracts; (k) claims for death, personal injury, property damage or consequential, punitive or other damages relating to or arising out of any pre-Closing business conducted by Sellers; (l) any obligation of Sellers to indemnify any Person, including indemnification obligations arising out of pre-Closing activities under Contract; (m) all liabilities of Sellers arising as a result of entering into, closing and/or implementation of this Agreement and/or the agreements related hereto to the extent relating to events, acts or omissions arising out of or occurring at or prior to Closing; (n) all obligations and liabilities under or relating to the Employee Benefit Plans (including but not limited to paid time off earned but not used); (o) liabilities and obligations related to Sellers' real property, owned or leased; (p) liabilities and obligations related to Excluded Assets; (q) all obligations and liabilities of Sellers that are unrelated to the Purchased Assets or the operation of the Business; (r) warranty claims related to Contracts completed or worked on prior to Closing; provided, however, Buyers will agree to perform work to satisfy such warranty claims for Sellers, but only on terms and at rates satisfactory to Buyers in their reasonable discretion, subject to Section 6.5; and (s) all obligations and liabilities arising from or relating to the Contracts listed on Schedule 2.2 as excluded Contracts and each such Contract's related matters (collectively the "**Excluded Liabilities**").

### ARTICLE 3

#### PURCHASE PRICE, CLOSING AND TAX ALLOCATION

3.1 **Purchase Price and Other Closing Payments.** The aggregate purchase price for the Purchased Assets (the "**Purchase Price**") shall be (a) the Cash Purchase Price, *plus* (b) the Assumed Liabilities, which shall be paid as follows:

3.1.1 Upon Sellers request, on behalf of Sellers, Buyers shall pay at Closing any Transaction Expenses related to the transaction contemplated by this Agreement and any Indebtedness to the appropriate payees in accordance with the invoices and statements submitted therefor, as set forth on **Exhibit F** via wire transfers of immediately available funds (or to the extent applicable, credit to the Purchase Price);

3.1.2 Buyers will deliver to the Escrow Agent at Closing an amount equal to the Escrow Amount to be held in escrow pursuant to the Escrow Agreement to be entered into by the parties;

3.1.3 The Cash Purchase Price, less the collective amounts paid under Section 3.1.1 and 3.1.2, to Sellers in accordance with **Exhibit G**;

3.1.4 Waterfield Carolina will assume the Carolina Assumed Liabilities, Waterfield Florida will assume Florida Assumed Liabilities, and Waterfield Management will assume Management Assumed Liabilities at Closing.

In addition to the foregoing payments, at Closing Buyers shall deposit \$1,000,000 with Sunz Insurance as a deductible deposit for the workers compensation insurance policy.

3.2 **Withholding Rights**. Buyers shall be entitled to deduct and withhold from any amounts otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any applicable U.S. federal, state, local or foreign Tax law. To the extent that amounts are so withheld by Buyers, such withheld amounts (i) shall be remitted promptly by Buyers to the applicable Governmental Entity, and (ii) shall be treated for all purposes of this Agreement as having been paid to Sellers in respect of which such deduction and withholding was made by Buyers.

3.3 **Closing**. The purchase and sale (the “*Closing*”) shall be deemed to take place at 12:01 a.m. Central Time on the Closing Date (the “*Effective Time*”).

3.4 **Delivery of Schedules**. On the Closing Date, Sellers shall deliver to Buyers the schedules described in this Agreement (collectively, the “*Schedules*”). The Schedules delivered pursuant to this Section 3.4 are incorporated by reference herein and are deemed to constitute an integral part of this Agreement and to modify the representations, warranties, covenants or agreements of Sellers or Buyers, as applicable, contained in this Agreement. All capitalized terms used in any Schedule shall have the definitions specified in this Agreement.

3.5 **Sellers’ Closing Deliveries**. At the Closing, Sellers shall take the following actions and deliver or cause to be delivered to Buyers the following:

3.5.1 All Consents listed in **Exhibit A**, in the form and substance reasonably satisfactory to Buyers (the “*Mandatory Consents*”);

3.5.2 The bill of sale and assignment and assumption agreement substantially in the form attached hereto as **Exhibit B** (the “*Bill of Sale, Assignment and Assumption Agreement*”);

3.5.3 The Escrow Agreement duly executed by Sellers and the Escrow Agent, substantially in the form attached hereto as **Exhibit C**;

3.5.4 The employment and confidentiality agreements with each of Paul Chase and branch managers, substantially in the form attached hereto as **Exhibit D-1 and D-2** (the “*Employment Agreements*”);

3.5.5 The Lease Agreements, substantially in the form attached hereto as **Exhibit E-1 and E-2**;

3.5.6 Payoff Letters, substantially in the form attached hereto as **Exhibit F**, for each of the third party payments so designated on **Exhibit F**;



3.5.7 An estoppel and consent certificate for each Lease from the landlords of the applicable Leased Properties, in the form and substance reasonably satisfactory to Buyers;

3.5.8 UCC-3 termination statements and other terminations and/or releases necessary to terminate or release all Liens on the Purchased Assets;

3.5.9 Actions of Sellers sufficient to authorize the transactions contemplated under the Agreement and Transaction Documents and a certificate from the Secretary of Sellers certifying that this Agreement and the transactions contemplated herein have been approved by all necessary action of Sellers and Shareholders;

3.5.10 A certificate, dated not earlier than twenty (20) days prior to the Closing Date, of the applicable Secretary of State stating that each Seller is in good standing and active status;

3.5.11 A tax clearance or similar certificate from the Florida and South Carolina Department of Revenue, stating all Taxes have been paid and each Seller does not owe any delinquent Taxes;

3.5.12 Sellers' vehicle titles or other separately titled Purchased Assets, if any, properly endorsed for transfer;

3.5.13 A lien waiver and access agreement from the landlord for the Lease in a form reasonably acceptable to Buyers' lender waiving any lien rights of landlord in the applicable tenant's assets at the leased real property and granting Buyers' lender access to the leased real property for the purposes of removing the same; and

3.5.14 Such other documents or instruments as described in this Agreement for delivery by Sellers or that Buyers otherwise reasonably requests and as are reasonably necessary to effect the transactions contemplated by this Agreement;

3.6 **Buyers' Closing Deliveries.** At the Closing, Buyers shall deliver to Sellers the following:

3.6.1 The Escrow Agreement, duly executed by Buyers and the Escrow Agent;

3.6.2 Payment by wire transfer, of immediately available funds, of a portion of the Purchase Price as provided in Section 3.1 of this Agreement;

3.6.3 Certificates, each dated not earlier than twenty (20) days prior to the Closing Date, of the applicable Secretary of State stating that each Buyer is in good standing or has comparable active status in such jurisdiction; and

3.6.4 Those Exhibits to this Agreement requiring a signature by Buyers, duly executed by Buyers, and such other documents or instruments as Sellers reasonably request and are reasonably necessary to effect the transactions contemplated by this Agreement.

3.7 **Tax Allocation of Purchase Price.** Within 90 days after the Closing, Buyers and Sellers shall mutually prepare and agree on an allocation of the sum of the Purchase Price and the Assumed Liabilities (to the extent properly taken into account as an amount realized under the Code) among the Purchased Assets, including any personal goodwill, and the covenants contained in Article VII of this Agreement in accordance with Section 1060 of the Code (the “Purchase Price Tax Allocation”). Sellers, Shareholders and Buyers agree that the Purchase Price Tax Allocation, shall be binding on each of them for all Tax purposes (including the filing of IRS Form 8594), and Sellers, Shareholders and Buyers shall not take any position (whether in financial statement, audits Tax Returns or otherwise) which is inconsistent to the Purchase Price Tax Allocation unless required to do so by applicable Legal Requirements or GAAP. Sellers, Shareholders and Buyers shall promptly give the other notice of any disallowance and challenge to such reporting by any Governmental Entity. Sellers, Shareholders and Buyers shall cooperate fully, as and to the extent reasonably requested by another party, in connection with any audit, litigation, or other proceeding with respect to Purchase Price Tax Allocation. A party, upon the other party’s request, shall provide the records and information that are reasonably relevant to any such audit, litigation, or other proceeding for the relevant time periods.

## ARTICLE 4

### REPRESENTATIONS AND WARRANTIES OF SELLERS AND SHAREHOLDERS<sup>1</sup>

As a material inducement to Buyers to enter into this Agreement, Sellers and Shareholders jointly and severally hereby represent and warrant the following representations and warranties to Buyers as of the Closing Date:

4.1 **Organization and Good Standing.** Each Seller (i) is a limited liability company duly organized, validly existing and in good standing or similar status under the laws of the state of its organization; (ii) has all requisite power and authority to carry on its business as now being conducted; and (iii) is duly qualified or licensed to do business and is in good standing in the state of its organization and each jurisdiction in which the nature of its business or the ownership, leasing, or operation of its properties makes such qualification or licensing necessary, which jurisdictions are listed in Schedule 4.1 for each Seller. The Sellers do not hold any equity interest (or right convertible into any equity interest), either of record, beneficially or equitably, in any Person, or the right to acquire such equity interest.

4.2 **Power, Authorization and Validity.** Each Seller has the corporate power, legal capacity and corporate authority to enter into and perform its obligations under this Agreement and the agreements, deliveries, and other Transaction Documents. The execution, delivery, and performance by each Seller of this Agreement and the other Transaction Documents have been duly and validly approved and authorized by all necessary corporate action on the part of each Seller and, if necessary, by Shareholders. This Agreement and the other Transaction Documents have been duly executed and delivered by Sellers and Shareholders and, assuming due execution and delivery by the other parties thereto, constitute valid and binding obligations of Sellers and Shareholders, enforceable against Sellers and Shareholders in accordance with its terms, subject

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<sup>1</sup> Note to Sellers: The scope of reps and warranties is subject to review of diligence.

to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Legal Requirements affecting creditors' rights generally and general principles of equity.

#### 4.3 **Noncontravention.**

4.3.1 The execution and delivery by Sellers and Shareholders of this Agreement and, as applicable, the other Transaction Documents, the consummation by Sellers and Shareholders of the transactions contemplated by this Agreement and Transaction Documents and the performance by Sellers and Shareholders of their obligations hereunder and, as applicable, thereunder, do not and will not conflict with, or result in any violation or breach of, or default (with or without notice or lapse of time or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to a loss of a material benefit under, or result in the creation of any Lien in or upon any of the properties or assets of Sellers under (i) organizational documents of Sellers; (ii) except as set forth in Schedule 4.3.1, any of the Assumed Agreements; or (iii) any Legal Requirement, in each case applicable to Sellers or any of their properties or assets.

4.3.2 Except as contemplated by this Agreement or otherwise set forth in Schedule 4.3.2, no Consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to Sellers in connection with the execution, delivery and consummation by Sellers and Shareholders of this Agreement, the other Transaction Documents, or the performance by Sellers or Shareholders of their obligations hereunder and thereunder.

#### 4.4 **Financial Statements; Accounting Controls.**

4.4.1 *Financial Statements.* Sellers have attached as Schedule 4.4 the unaudited balance sheet, statements of income, and cash flows for each Seller for the fiscal years ended December 31, 2017 and December 31, 2016 and for the one (1) month period ended January 31, 2018 (the "*Financial Statements*"). The Financial Statements (a) have been prepared from the Books and Records of Sellers; (b) present fairly the financial condition of Sellers and their results of operations as, at and for the respective periods then ended; and (c) except as set forth on Schedule 4.4, have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except for normal recurring year-end reviewed adjustments, the absence of certain footnote disclosures and otherwise as noted therein).

4.4.2 *Accounting Controls.* The Company uses commercially reasonable efforts to establish proper and adequate internal accounting controls which provide reasonable assurance that: (i) transactions are executed with management's authorization; (ii) transactions are recorded as necessary to permit preparation of the financial statements of the Company and to maintain accountability for the Company's assets; (iii) access to the Company's assets is permitted only in accordance with management's authorization; (iv) the reporting of the Company's assets is compared with existing assets at regular intervals; and (v) accounts, notes, and other receivables are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis. No internal control matters (including material weaknesses and reportable conditions) have been identified in connection with the Financial Statements.

#### 4.5 **Compliance with Legal Requirements; Government Inquiries.**

4.5.1 Except as set forth in Schedule 4.5.1, Sellers are and in the last three (3) years have been, in compliance in all material respects with all applicable Legal Requirements of any Governmental Entity applicable to its business or operations. Except as set forth in Schedule 4.5.1, Sellers have not received, in the last three (3) years, a written notice or other written communication alleging a possible violation by Sellers of any applicable Legal Requirement of any Governmental Entity applicable to its business, assets or operations.

4.5.2 Neither Sellers, nor any director, officer or employee of Sellers, has paid or caused to be paid, directly or indirectly, in connection with the business of Sellers: (a) to any government or agency thereof or any agent of any supplier or customer any bribe, kick-back or other similar payment; or (b) except for payments not exceeding \$1,000 in the aggregate, any material contribution to any political party or candidate (other than from personal funds of directors, officers or employees not reimbursed by their respective employers or as otherwise permitted by any applicable Legal Requirement).

4.5.3 Except as set forth on Schedule 4.5.3, since January 1, 2014, there have been no material inspection reports, questionnaires, inquires, demands or requests for information received by Sellers from, or any material statement, report or other document filed by Sellers with any Governmental Entity (including but not limited to, the Justice Department, IRS, Department of Labor, Occupational Safety and Health Administration, Federal Trade Commission, National Labor Relations Board, and Interstate Commerce Commission, any state securities administrator, or any local or state taxing authority) other than in the ordinary course of business or without material liability to Sellers.

4.6 **Permits.** Sellers validly hold and have in full force and effect all material Permits necessary for them to own, lease, or operate the properties and assets and to carry on the Business as now conducted, which Permits are listed in Schedule 4.6, and there has occurred no violation of, or default (with or without notice or lapse of time or both) under, or event giving to any other Person any right of termination, amendment, or cancellation of, any such material Permit. Sellers have complied in all material respects with the terms and conditions of all Permits issued to or held by them, and such Permits will not be subject to suspension, modification, revocation, or nonrenewal as a result of the consummation of the transactions contemplated by this Agreement or Transaction Documents, or the execution and delivery thereof, except to the extent that by its terms, any such Permit that is not assignable to Buyers may expire or terminate as a result of Sellers having sold their assets and winding down their Business. No proceeding is pending or, to Sellers' Knowledge, threatened, seeking the revocation or limitation of any Permit. All of the permits of Sellers are held in the name of Sellers. Sellers makes no warranty concerning the continued validity of any Permits assigned to Buyers at Closing.

4.7 **Title to Personal Property and Assets; Sufficiency of Purchased Assets.** Sellers own or lease all tangible assets sufficient for the conduct of the Business as presently conducted, and each such asset's ownership or lease status so designated, in Schedule 4.7. The Purchased Assets are free from material defects, have been maintained in accordance with the past practice of Sellers, and generally accepted industry practices, and are suitable for the purposes for which Sellers presently uses them. Sellers are the true and lawful owner, have good and valid title to, or

a valid leasehold interest in, and in sole possession of, all Purchased Assets. To Sellers' Knowledge, there exists no other restriction on the use or transfer of the Purchased Assets. Sellers shall convey to Buyers at Closing good and marketable title to all of the Purchased Assets, free and clear of all Liens of any nature whatsoever. Except for any Excluded Asset, the Purchased Assets include all of the assets that are currently used in the operation of the Business and are, to Sellers' Knowledge, adequate in all material respects to operate the Business as currently conducted by Sellers.

#### 4.8 **Contracts.**

4.8.1 Other than the Assumed Agreements listed on Schedule 2.1.1(d), Schedule 2.1.2(d), and Schedule 2.1.3(d): (a) each of Sellers is not a party to any agreements, contracts or commitments that call for prospective fixed and/or contingent payments or expenditures by or to Sellers of more than \$10,000, other than those entered into in the ordinary course of its business, or as contemplated; (b) each of Sellers is not a party to any purchase agreement, contract or commitment that calls for fixed and/or contingent payments by any of Sellers that are in excess of the normal, ordinary and usual requirements of Sellers' business; (c) there is no outstanding sales contract, commitment or proposal (including development projects) of Sellers that is reasonably likely to result, either individually or in the aggregate, in any Material Adverse Effect to Sellers upon completion or performance thereof; (d) each of Sellers is not a party to any outstanding agreements, contracts or commitments with officers, employees, agents, consultants, advisors, salesmen, sales representatives, distributors or dealers that are not cancelable by it on notice of not longer than thirty (30) days and without liability, penalty or premium exceeding \$5,000 in any single instance or \$10,000 in the aggregate; (e) each of Sellers is not a party to any employment, independent contractor or similar agreement, contract or commitment that is not terminable on not more than thirty (30) days' notice without penalty or liability of any type, including severance or termination pay; (f) each of Sellers is not a party to any collective bargaining or union agreements, contracts or commitments; (g) each of Sellers is not a party to any agreement from competing with any Person, from carrying on their business anywhere in the world or otherwise operating its business in any manner it deems appropriate; (h) each of Sellers has not guaranteed any obligations of any other Person or made any agreements to acquire or guarantee any obligations of any other Person; and (i) each of Sellers has not made any loans or advances to any Person; nor is it a party to any line of credit, standby financing, revolving credit or other similar financing arrangement of any sort that would permit the borrowing by Sellers of any sum not reflected in the Financial Statements or would permit borrowing outside of the ordinary course of business.

4.8.2 Each Assumed Agreement is valid and binding on Sellers in accordance with its terms and is in full force and effect. Sellers have not violated or breached, or committed any default under, any Assumed Agreement in any material respect, and, to Sellers' Knowledge, no other Person has violated or breached, or committed any default under any Assumed Agreement in any material respect.

4.8.3 Except as set forth in Schedule 4.8.3, none of the Assumed Agreements contain any provision which would require the Consent of third parties to the transactions as contemplated hereunder or under any of the other Transaction Documents, or which would be materially altered as a result of such transaction.

4.8.4 Complete and correct copies of each Assumed Agreement (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyers. There are no material disputes pending or threatened under any Contract included in the Purchased Assets.

4.9 **Taxes.**

4.9.1 Sellers have fully and timely, properly and accurately filed all Tax Returns which were required to be filed by or with respect to Sellers, including all Tax Returns for all years and periods (and portions thereof) for which any such Tax Returns were due. Shareholders have not failed to fully, timely and accurately file any Tax Return with respect to Sellers or the Business. All such Tax Returns were true, correct and complete in all material respects. All Taxes, including estimated Tax payments, required to be paid by Sellers, and by Shareholders with respect to Sellers, on or prior to the Closing Date have been timely paid or will be paid on or before the Closing Date. There is no outstanding deficiency, dispute or claim concerning any liability for Taxes by or with respect to Sellers that has been claimed or raised by any Governmental Entity that has not been paid. No Tax Return of Sellers is currently the subject of an audit by any Governmental Entity and no written notice of such audit has been received by Sellers or Shareholders. There is not pending, unresolved or outstanding from any Governmental Entity (including jurisdictions where Sellers have not filed a Tax Return) any (i) notice indicating an intent to open an audit or other review; (ii) request for information related to Tax matters; or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Governmental Entity against any Seller or Shareholder. There are no Liens for Taxes on any property or assets of Sellers (other than Liens for Taxes not yet due and payable).

4.9.2 Sellers have timely and properly withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder, member or other third party, including amounts required to be withheld under Sections 1441 and 1442 of the Code, or similar provisions of state, local or foreign Law, and all IRS Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed. In addition, each Person who is or has been characterized by Sellers as an independent contractor for Tax purposes has been appropriately classified as an independent contractor pursuant to Revenue Ruling 87-41, and, as applicable, will qualify for such classification immediately prior to the Closing. No claim has been made by a Governmental Entity in a jurisdiction where Sellers do not file Tax Returns that Sellers and/or any Shareholders with respect to Sellers may be subject to any Tax of such jurisdiction.

4.9.3 The unpaid Taxes of Sellers will not exceed the reserve for Tax liability set forth on the face of the most recent Financial Statement (for this purpose, excluding any reserve established to reflect a difference in timing between book income and tax income) as adjusted for operations and transactions through Closing in accordance with the past practice and custom of Seller in filing its Tax Returns, as consistently applied.

4.9.4 There is no extension of time in force with respect to the due date for filing any Tax Return by Sellers and/or any Shareholders with respect to Sellers. Neither Sellers nor Shareholders have granted any extension or waived any statute of limitations period applicable to any such Tax Return or Tax, which period (after giving effect to such extension or waiver) has not

yet expired. No power of attorney with respect to any Taxes has been executed or filed with any Governmental Entity by or on behalf of the Seller.

4.9.5 Each Seller (a) has not been a member of an affiliated group filing a consolidated, combined or unitary income Tax Return; and (b) has no liability for the Taxes of any Person under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign Legal Requirements), as a transferee or successor, by contract, or otherwise.

4.9.6 Each Seller is not a party to or bound by and does not have any obligation under any Tax allocation, Tax indemnification or Tax sharing agreement or similar contract or arrangement or any agreement.

4.9.7 Each Seller is not and has not been a party to any “reportable transaction” or “listed transaction” as defined in Internal Revenue Code Section 6707A(c) and Treas. Reg. Section 1.6011-4(b).

4.9.8 There is no material property or obligation of Sellers, including but not limited to uncashed checks to vendors, customers, or employees, non-refunded overpayments, or unclaimed balances, that is escheatable to any state or municipality under any applicable escheatment laws as of the date hereof or that may at any time after the date hereof and at or before Closing become escheatable to any state or municipality under any applicable escheatment laws.

4.9.9 There is no contract, agreement, plan or arrangement covering any Person or Persons employed by Sellers that, individually or in the aggregate, as a consequence of the transactions contemplated by this Agreement or otherwise, could give rise to the payment of any amount that would not be deductible by Sellers or Buyers, as the case may be, by reason of Code Section 280G.

#### 4.10 **Employees.**

4.10.1 Schedule 4.10.1 contains a list of all employees of Sellers allocated among all Sellers locations, (including any employee of Sellers who is on leave of absence or on layoff status) as of the date hereof (including each such employee’s status as exempt or non-exempt, job title, hire date and 2017 pay to date). Sellers use temporary workers in the ordinary course of business to provide services for their customers. Sellers have not use any independent contractors or leased workers who performed work on its behalf in the last two (2) years. Sellers do not have any employees who hold temporary (non-immigrant) visas or who are not legally eligible to work in the United States, and Sellers have not entered into any contractual obligations with any employee or prospective employee to assist in obtaining permanent residence on behalf of the employee. To Sellers’ Knowledge, no employee of Sellers have any plans to terminate his or her employment or relationship with Sellers for any reason, including as a result of the transaction contemplated hereby.

4.10.2 Except as set forth in Schedule 4.10.2, each Seller has at all times complied with all applicable Legal Requirements relating to the employment of personnel and labor, including but not limited to provisions thereof relating to discrimination, wages, hours, overtime, equal opportunity, collective bargaining, plant closing and mass layoff, health and safety, immigration and the payment of social security and other taxes, unemployment compensation and

workers compensation. Except as set forth in Schedule 4.10.2, all of Sellers' procedures, policies and training practices with respect to employees in the last five (5) years, including those relating to the hiring, paying, classification and termination of employees, and worker safety, conform, in all material respects, to all applicable Legal Requirements. Each Seller is not delinquent in and has paid to all current and former employees all wages, salaries, bonuses, vacation and other paid time off, commissions due and payable, and other direct compensation for any service performed for it to the date hereof or amounts required to be reimbursed to such employees. Each Seller has withheld and paid to the appropriate Governmental Authority or is holding for payment not yet due to such Governmental Authority all amounts required to be withheld and is not liable for any arrears of wages, taxes, penalties, or other sums for failure to comply with any of the foregoing. Except as set forth in Schedule 4.10.2, there are no pending or, to Sellers' Knowledge, threatened claims, administrative charges or court complaints (whether under any applicable Legal Requirements, any employment agreement or otherwise) against Sellers concerning worker's compensation, personal injury and long-term disability, alleged employment discrimination or harassment (including claims based on race, age, sex, national origin or disability), other employment or labor related matters (including overtime pay, wages, salary, bonuses, actual or alleged wrongful termination, unlawful dismissal, vacation, time off or pay in lieu of vacation or time off, unfair labor practices, misclassification of employees or independent contractors), breach of any contract or violation of any Legal Requirement. Sellers are not liable for the payment of any compensation or taxes or material fines, penalties, damages or other amounts, however designated, for failure to comply with any applicable Legal Requirements.

4.10.3 No employee is covered by any collective bargaining agreement and Sellers are not a party to or bound by any contract, collective bargaining agreement, commitment or arrangement with any labor union, and no such contract, agreement, commitment or arrangement is being negotiated by Sellers with respect to employees. There are no unfair labor practice charges or complaints against Sellers pending before the National Labor Relations Board or any similar state agency. There are no pending or, to Sellers' Knowledge, threatened labor strikes, disputes, walkouts, work stoppages, slow-downs or lockouts, requests for representation, pickets, or other material employee or labor disputes or disruptions involving Sellers, and there have not been any such actions during the past three (3) years. There has been no and, to Sellers' Knowledge, there presently is no organizational effort being made or threatened by or on behalf of any labor union with respect to Sellers' employees.

4.10.4 Schedule 4.10.4 lists all employment contracts, arrangements and understandings with Sellers' employees, other than those terminable, without penalty, at will or within thirty (30) days. Copies of any of the foregoing contracts, arrangements or understandings have been made available to Buyers at their request. To Sellers' Knowledge, no employee of Sellers is subject to any judgment, decree or order of any court or administrative agency, or any other restriction that would interfere with the use of his or her best efforts to carry out his or her duties for Sellers or that would conflict with Sellers' business as currently conducted. Each Seller has not received any written notice from any former employer of an employee that such employee has prior obligations to a former employer that would interfere or conflict with such employee's ability to perform his or her intended services for Sellers.

#### 4.11 **Employee Benefit Plans.**



4.11.1 Schedule 4.11.1 contains a true and complete list of (i) all “employee benefit plans” (within the meaning of Section 3(3) of ERISA) for the Sellers and any member of their Controlled Group and (ii) all equity purchase, severance, employment, consulting, independent contractor, retention, change-in-control, fringe benefit, collective bargaining, bonus, incentive, deferred compensation, equity compensation, employee loan or other compensation or employee benefit plan, agreement, program, policy or other arrangement which is sponsored, maintained or contributed to or required to be contributed to by Sellers or any member of their “**Controlled Group**” (defined as any organization which is a member of a controlled group of organizations within the meaning of Sections 414(b), (c), (m) or (o) of the Tax Code) and pursuant to which the Sellers or any member of their Controlled Group has any obligation or liability, contingent or otherwise (all of the above being hereinafter referred to as the “**Employee Benefit Plans**”).

4.11.2 None of the Sellers nor any member of their Controlled Group has within the past six (6) calendar year period preceding the Closing Date, ever sponsored, maintained or contributed to, been obligated to contribute to, or had any liability (contingent or otherwise) with respect to, any Employee Benefit Plan subject to Title IV of ERISA or Section 412 of the Tax Code, including a “multiemployer plan,” as defined in Section 3(37) of ERISA or a “multiple employer plan” subject to Sections 4063 or 4064 of ERISA. With respect to each “pension” plan (within the meaning of Section 3(2) of ERISA) and each “welfare” plan (within the meaning of Section 3(1) of ERISA) maintained, established, sponsored, participated in, or contributed to by Sellers or any member of their Controlled Group, no condition or event has occurred, or is reasonably expected to occur, that could subject, directly or indirectly, Buyers or any member of their Controlled Group to any material liability, including, but not limited to, any Tax, Lien or penalty under ERISA or the Tax Code, or any “withdrawal liability” (as defined under Section 4201 et. seq. of ERISA) under a multiemployer plan (within the meaning of ERISA Section 3(37) or 4001(a)(3)).

4.11.3 In respect of each Employee Benefit Plan, a complete and correct copy of each of the following documents (if applicable) has been provided or made available to Buyers: (i) the most recent plan and related trust documents and/or insurance contracts, and all amendments thereto; (ii) the most recent summary plan description (including the “employee handbook”), and all related summaries or material modifications thereto; (iii) the most recent Forms 5500 (including schedules and attachments) for the past three (3) years; (iv) the most recent IRS determination, opinion or notification letter; (v) if applicable, the most recent actuarial reports; (vi) all written communications to employees relating to the Employee Benefit Plans; and (vii) written descriptions of all non-written agreements relating to any of the Employee Benefit Plans.

4.11.4 Each of the Employee Benefit Plans and their related trusts that are intended to be qualified under Sections 401 and 501(a) of the Tax Code, respectively, so qualify. Each such plan has received a favorable determination letter from the Internal Revenue Service or is a prototype plan that is entitled to rely on an opinion letter issued by the Internal Revenue Service to the prototype plan sponsor regarding qualification of the form of the prototype plan. The Employee Benefit Plans comply in form and in operation in all material respects with the requirements of the Tax Code and ERISA and nothing has occurred with respect to the operation of the Employee Benefit Plans which could reasonably be expected to cause the loss of such

qualification or exemption or the imposition of any material liability, penalty or tax under ERISA or the Tax Code.

4.11.5 With respect to the Employee Benefit Plans, all required contributions have been made or properly accrued. No individual who has performed services for the Company or any member of its Controlled Group has been improperly excluded from participation in any Employee Benefit Plan.

4.11.6 Neither the Sellers nor any member of their Controlled Group has any obligation or liability (contingent or otherwise) to provide post-employment life insurance or health benefits coverage for current or former officers, directors, employees, consultants or independent contractors of the Seller of any member of its Controlled Group, except as may be required under applicable law.

4.11.7 Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment becoming due to any employee (current, former or retired), consultant or independent contractor of the Sellers or any member of their Controlled Group, (ii) increase any benefits under any Employee Benefit Plan or (iii) result in the acceleration of the time of payment, vesting or funding of, or other rights in respect of, any such benefits.

4.12 **Insurance.** Schedule 4.12 lists and describes all of the Sellers' current product liability, umbrella and other insurance policies covering any of the Purchased Assets or the Business. Said policies, if any, are in full force and effect and all premiums due in respect thereof have been paid in full. Schedule 4.12 lists and summarizes all claims in excess of \$10,000 under said insurance policies pending or made since January 1, 2012. No lapse of such product liability insurance or umbrella insurance coverage, if any, has occurred, and Sellers have not had any application for such insurance coverage denied or any insurance policy or coverage thereunder canceled, withdrawn, or not renewed. Except as set forth on Schedule 4.12, the Purchased Assets are insured by Sellers against loss by fire or other casualty in an amount at least equal to their replacement values.

4.13 **Environmental Compliance.** Each Seller has obtained all Permits which are required under Environmental and Safety Requirements applicable to Sellers and relating to pollution or protection of the environment, including Environmental and Safety Requirements or provisions relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or hazardous or toxic materials, substances, or wastes into air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants or hazardous or toxic materials, substances, or wastes, except where the failure to obtain such Permits has not caused or is not reasonably likely to cause a Material Adverse Effect. Each Seller has not received written notice of and to Sellers' Knowledge, it is not aware of any conditions, circumstances, activities, practices, incidents, or actions which might reasonably form the basis of a claim, action, suit, proceeding, hearing, or investigation of, by, against or relating to Sellers, based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant, or hazardous or toxic substance, material or waste.

4.14 **Litigation.** Except as described in Schedule 4.14, there is no action, suit, proceeding or investigation pending or, to Sellers' Knowledge, currently threatened against Sellers or any of its respective properties or assets (i) that may impair the right or ability of Sellers to carry on their business as now conducted or as proposed to be conducted; (ii) that questions the validity of the Transaction Documents or Sellers' ability to consummate the transactions contemplated hereby and thereby; or (iii) that, if adversely determined, would have a Material Adverse Effect, and to Sellers' Knowledge, there is no basis for any of the foregoing. Sellers are not a party to or named in or subject to any Legal Requirement order. There is no action, suit, proceeding or investigation by Sellers currently pending or which Sellers intend to initiate.

4.15 **No Brokers.** Except as listed in Schedule 4.15, neither Sellers nor any Shareholders are obligated for the payment of fees or expenses of any broker or finder in connection with the origin, negotiation or execution of this Agreement or any of the other Transaction Documents, or in connection with any transaction contemplated hereby or thereby.

4.16 **Related Party Transactions.** Except as listed in Schedule 4.16, none of Sellers or any of its Affiliates, officers, directors, Shareholders or employees, or any Affiliate of any of such Person, has any interest in any property, real or personal, tangible or intangible, used in or pertaining to the Business of Sellers, except for the normal rights of a shareholder, or, any supplier, distributor or customer of Sellers. Except for this Agreement and the other Transaction Documents, there are no agreements, understandings or transactions between Sellers and any of their Affiliates, officers, or Shareholders. Except as listed in Schedule 4.16, to Sellers' Knowledge, no employee or officer of Sellers has any direct or indirect ownership interest in any firm or corporation with which Sellers are affiliated or with which Sellers have a business relationship, or any firm or corporation that competes with Sellers, except that employees or officers of Sellers may own not more than five percent (5%) of the outstanding capital stock of a publicly traded company that may compete with Sellers. To Sellers' Knowledge, no member of the immediate family of any officer or employee of Sellers is directly or indirectly interested in any material contract of Sellers.

4.17 **Inventory; Accounts Receivable and Accounts Payable.**

4.17.1 **Inventory.** Schedule 2.1.1(b), Schedule 2.1.2(b) and Schedule 2.1.3(b) are a listing of all Inventory as of the Closing Date. The Inventory consists of merchandise of a quality usable and saleable at prices in the ordinary course of business as currently conducted or anticipated by Sellers, consistent with past practice and is merchantable. Except as provided for in Schedule 2.1.1(b), Schedule 2.1.2(b) and Schedule 2.1.3(b), other than parts that are customarily ordered just in time by Sellers in connection with its customer orders, the Inventory is sufficient to satisfy existing customer orders as of the Closing Date.

4.17.2 **Accounts Receivable and Accounts Payable.** Sellers have collected all Receivables strictly in the ordinary course and not taken any efforts to accelerate receivables or the billing of projects. Sellers have paid all liabilities (including payables and accrued expenses) strictly in the ordinary course and have not made any efforts or taken any action to accelerate collection of receivables, or accelerate the billings of projects, or defer payments for liabilities in the last two (2) months prior to Closing.

4.18 **Proprietary Rights.** Sellers are the owner of all right, title and interest in and to all Proprietary Rights as listed on Schedule 2.1.1(f), Schedule 2.1.2(f) and Schedule 2.1.3(f), free and clear of all Liens other than Liens to be satisfied at the Closing. All Proprietary Rights are valid and enforceable and there are no pending proceedings or adverse claims made or, to Sellers' Knowledge threatened against Sellers with respect to the Proprietary Rights or Sellers' rights therein or its use thereof, and to Sellers' Knowledge, neither the Proprietary Rights nor Sellers' operation of the Business infringes any valid proprietary right of any third party. Additionally, to Sellers' Knowledge, there are no valid proprietary rights of any third party that infringe upon Sellers' rights in the Proprietary Rights. All of the Proprietary Rights that have been developed or created by employees, or pursuant to contracts with consultants, has been assigned to Sellers in writing and can be further assigned to and by Buyers without consent. All such employees and consultants have waived in favor of Sellers all moral rights they had or may have in or related to the Proprietary Rights.

4.19 **Undisclosed Liabilities.** Except as set forth in Schedule 4.19 attached hereto, there are no liabilities or obligations of any kind whatsoever, whether direct, indirect, accrued, contingent or absolute, and whether or not determined or determinable, to which the Purchased Assets will be subject following consummation of the transactions contemplated hereby, except (i) obligations disclosed in the Schedules and Exhibits to this Agreement with sufficient specificity that a reasonable person would understand the nature and scope of such obligations; (ii) liabilities set forth on the consolidated unaudited balance sheet as of January 31, 2018; and (iii) liabilities or obligations reasonably incurred by the Business in the ordinary course of their businesses consistent with past practice since January 31, 2018 and there is no existing claim, condition, situation or set of circumstances which, to Sellers' Knowledge, could reasonably be expected to result in any such liability or obligation.

#### 4.20 **Real Estate.**

4.20.1 Schedule 4.20 sets forth a true and complete list of all real property and interests in real property leased, subleased, licensed or occupied by Sellers (individually, a "***Leased Property***" and collectively, "***Leased Properties***") and identifies the leases, subleases, licenses or occupancy Contracts relating thereto (collectively, the "***Leases***"). Except as set forth in Schedule 4.20, there are no Contracts or other documents governing or affecting the occupancy or tenancy of any of the Leased Properties by Sellers. To the Knowledge of Sellers, there are no leases, subleases, licenses or other agreements granting to any Person the right of use or occupancy of any portion of the Leased Properties (except under the Leases). Sellers have good and valid title to the leasehold estates in all Leased Property, free and clear of all Liens. No items exist of the nature individually or in the aggregate, that would materially impair, or could reasonably be expected to materially impair, the continued use and operation of the Leased Properties to which they relate in the conduct of the business of Sellers as presently conducted.

4.20.2 There are no pending or, to the Knowledge of Sellers, threatened Proceedings that could have the effect of impairing or restricting access between each Leased Properties and public roads. To the Knowledge of Sellers, there are no material defects in the roof, foundation, sprinkler mains, structural, mechanical and HVAC systems and masonry walls in any of the improvements upon each Leased Properties, no significant repairs thereof are required, and all periodic maintenance has been done and is being done consistent with customary maintenance

standards for real property of similar size and age in the vicinity of such Leased Properties. Complete and correct copies of any title opinions, surveys, appraisals, physical inspection reports, and any policies of title insurance with respect to each Leased Property in the possession of any Seller have heretofore been delivered by Sellers to Buyers.

4.20.3 To the Knowledge of Sellers, the occupancies and uses of the Leased Properties, as well as the development, construction, management, maintenance, servicing and operation of the Leased Properties, comply in all material respects with all Legal Requirements and are not in material violation of any thereof; and all certificate(s) of occupancy and all other Permits required by Legal Requirements for the proper use and operation of the Leased Properties are in full force and effect. All material Permits, utility installations and connections required for the development, construction, maintenance, operation and servicing of the Leased Properties as currently operated have been granted, effected, or performed and completed (as the case may be), and all fees and charges therefor have been fully paid. Since January 1, 2015, none of Sellers or Shareholders have received notice of, and do not otherwise have Knowledge of, any violations, Proceedings or Judgments relating to zoning, building use and occupancy, traffic, fire, health, sanitation, air pollution, ecological, environmental or other Legal Requirements, against or with respect to the Leased Properties. To the Knowledge of Sellers, the current use by Sellers of the offices and other facilities located on the Leased Properties does not violate any local zoning or similar land use or government regulations in any material respect.

4.21 **Restrictive Covenant Agreements.** Schedule 4.21 lists all non-disclosure, confidentiality, non-competition and other similar restrictive covenant agreements for the benefit of Sellers. Sellers have not waived any rights under or modified the provisions of any of such agreements.

4.22 **Computer Systems; Data Privacy.**

4.22.1 Except as set forth on Schedule 4.22, all of the computer hardware and software systems, and all related equipment owned, leased or used by Sellers (including, without limitation, those related to Sellers' operations, accounting and bookkeeping records and record keeping activities, and security and communication systems) are operational and to the Knowledge of Sellers, do not include any defects that would be considered a breach of any warranties associated with such systems, and do not include any disabling codes or contaminants. Sellers' existing computer systems are sufficient for the operation and, to the Knowledge of Sellers, security requirements of the Business and operate and perform in all material respects in accordance with their documentation and functional specifications and otherwise as required by Sellers and have not materially malfunctioned or failed within the past three (3) years.

4.22.2 Sellers at all times takes commercially reasonable actions to protect the confidentiality, integrity and security of its computer hardware and software systems (including information and transactions stored in therein) against any unauthorized use, access, interruption, modification or corruption, including the use of strong encryption technology. Except as set forth on Schedule 4.22, Sellers have implemented commercially reasonable data backup, data storage, system redundancy, and disaster avoidance and recovery procedures, as well as a commercially reasonable business continuity plan.

4.22.3 Sellers are compliant with all applicable Legal Requirements, reputable industry practice, standards and self-governing rules and their own internal policies with respect to (i) the collection, use, receipt and storage of personally identifiable information, (ii) the collection, use and storage of non-personally identifiable information, (iii) the use of spyware and adware, (iv) the procurement or placement of advertising from or with reputable Persons and websites, (v) the use of internet searches derived using particular words or terms, (vi) the sending of solicited or unsolicited electronic mail messages, and (vii) privacy generally. Sellers do not store or retain any personally identifiable information (including without limitation credit card information) on its computer systems or otherwise. Sellers at all times have been and are now compliant with the Payment Card Industry Data Security Standard and has implemented and maintains industry best practice data privacy and security measures to protect all cardholder data in its possession or control. Sellers have not been the subject of a data privacy or security breach or incident related to any cardholder.

**4.23 Performance of Assumed Agreements; Business Relationships; Standard Forms.**

4.23.1 Sellers and, to the Knowledge of Sellers, each other party to each Contract: (i) have performed in all material respects each term, covenant, and condition of each Contract which is to be performed by them at or before the date hereof, and (ii) are not in default or violation in any material respect of any such Contracts (except, as of the Closing, to the extent assignment of any such Contract without the consent, if any, required by the terms thereof shall constitute a default or violation). Each of the Contracts is in full force and effect and constitutes the legal and binding obligation of Sellers and, to the Knowledge of Sellers, the other parties thereto.

4.23.2 Except as set forth on Schedule 4.23, no material unresolved complaint or dispute currently exists between Sellers and any of its customers or suppliers and no customer of or supplier to the Business has notified Sellers in writing that it intends to cease doing business with Sellers at any time after the date hereof. No notice of termination of a Contract has been received by Sellers and, to the Knowledge of Sellers, there are no grounds for termination, rescission, avoidance, repudiation or a material change in the terms of any Contract. During the twelve (12) month period preceding the date hereof, no Assumed Agreements were amended, terminated, expired, or not renewed.

4.23.3 Schedule 4.23 sets forth a list of the fifteen (15) largest customers of Sellers and the fifteen (15) largest suppliers of Sellers during each of Sellers' two (2) most recent fiscal years and for the period from the beginning of the current fiscal year to the Closing, determined upon the basis of the total dollar amount of net sales to such customers and net purchases from such suppliers. All such customers and suppliers currently continue to be customers of and suppliers to (as applicable) the Business and no such customer or supplier relationship will be adversely affected by the transactions contemplated by this Agreement. To the Knowledge of Sellers, no such customer or supplier intends to materially reduce its aggregate net purchases from or sales to the Business, as the case may be, during the twelve (12) months following the Closing Date. For the avoidance of doubt, Sellers are not making any representations with respect to the future performance and/or retention of any customer and supplier.

4.24 **Absence of Certain Changes.** Since January 31, 2018, except as set forth on Schedule 4.24, there has not been any: (i) material adverse change in the Purchased Assets or in the financial condition, business, or results of operations of the Business; (ii) damage, destruction, or loss which has materially adversely affected or is likely to materially adversely affect the Business or the Purchased Assets (whether or not covered by insurance) as a whole; (iii) material commitments or transactions binding upon Sellers relating to the Business but outside the ordinary course; (iv) grant of credit or price concessions granted by Sellers to any customer on terms or in amounts more favorable than those which have been extended to such customer in the past, other change in the terms of any credit or price concessions heretofore extended, or other change in the Sellers' policies or practices with respect to the granting of credit or price concessions other than in the ordinary course of business consistent with past practice; (v) bonus or wage, salary or benefit or compensation increase other than in the ordinary course of business to any employee or agent of Sellers; (vi) commitment with any third party for capital expenditures or capital improvements under which there remains outstanding payment or expenditure obligations in excess of \$25,000; (vii) acceleration of any collections or accounts receivable or delay in payment of accounts payable; or (viii) commitment or Contract to do any of the foregoing. Except as set forth on Schedule 4.24, to the Knowledge of Sellers, no facts, circumstances or proposed or contemplated events specific to the Business (*i.e.*, not arising from general economic conditions or world events) exist which would materially adversely affect the operations or results of the Business after the Closing Date.

4.25 **Full Disclosure.** No representation or warranty by Sellers or Shareholders in this Agreement and no statement contained in the Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyers pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

4.26 **No Other Representations.** Except for the representations and warranties set forth in this Article 4, as modified by the Schedules, no representation or warranty of any kind whatsoever, express or implied, at law or in equity, is made by or on behalf of Sellers to Buyers, and Sellers hereby disclaim any such representation or warranty, whether by or on behalf of Sellers. Sellers make no representation or warranty with respect to any projections, forecasts or other estimates, plans or budgets of future revenues, expenses or expenditures, future results of operations (or any component thereof) or future financial condition (or any component thereof) of the Business or the future business, operations or affairs of the Business. Notwithstanding the foregoing, nothing herein shall prohibit

## ARTICLE 5

### REPRESENTATIONS AND WARRANTIES OF BUYERS

Each Buyer hereby represents and warrants the following representations and warranties to Sellers and Shareholders as of the Closing Date:

5.1 **Organization.** Each Buyer (i) is a limited liability company duly organized, validly existing and in good standing or comparable status under the laws of the state of its organization; (ii) has all requisite power and authority to carry on its business as now being

conducted; and (iii) is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing, or operation of its properties makes such qualification or licensing necessary.

5.2 **Authorization**. Each Buyer has the corporate power, legal capacity and corporate authority to enter into and perform its obligations under this Agreement and the agreements, deliveries, and other Transaction Documents. The execution, delivery, and performance by Buyers of this Agreement and the other Transaction Documents have been duly and validly approved and authorized by all necessary corporate action on the part of Buyers. This Agreement and the other Transaction Documents have been duly executed and delivered by Buyers and, assuming due execution and delivery by the other parties thereto, constitute valid and binding obligations of Buyers, enforceable against Buyers in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Legal Requirements affecting creditors' rights generally and general principles of equity.

5.3 **No Breach**. Neither the execution, delivery or performance of this Agreement by Buyers, nor the consummation of the transactions contemplated herein will result in a breach or violation of, or default under, or conflict with, Buyers' organizational documents or any law, rule, regulation, judgment, order, decree, mortgage, agreement, indenture, instrument or arrangement applicable to Buyers.

5.4 **Claims; Litigation**. No claims, litigation, legal action, lawsuit, arbitration, governmental investigation or other legal or administrative proceeding or any order, decree or judgment is pending or threatened against Buyers which could adversely affect the consummation of this transaction.

5.5 **No Approvals**. No Consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required by or with respect to Buyers in connection with the execution, delivery and consummation by Buyers of this Agreement, the other Transaction Documents, or the performance by Buyers of its obligations hereunder and thereunder.

5.6 **No Brokers**. Buyers are not obligated for the payment of fees or expenses of any broker or finder in connection with the origin, negotiation or execution of this Agreement or any of the other Transaction Documents, or in connection with any transaction contemplated hereby or thereby.

5.7 **Buyers Reliance**. Buyers acknowledge that Sellers have not made any representation or warranty except as expressly set forth in this Agreement or the other transaction documents in connection with this Agreement.

## ARTICLE 6

### COVENANTS

6.1 **Cooperation; Ongoing Assistance with Sellers' Retained Claims**. From time to time and as and when requested, each party shall cause the other party to execute and deliver or cause to be executed and delivered all such documents or instruments of conveyance as one party



may reasonably deem necessary or desirable to consummate the transactions contemplated in this Agreement or to more effectively convey, assign, transfer and deliver to Buyers any of the Purchased Assets or assist in the collection or reduction or possession of any or all such Purchased Assets. Each party will cooperate with the others and their counsel, at requesting party's expense, in the contest or defense of, and make available personnel and provide testimony and access to its books and records, software and computer systems in connection with, any proceeding involving or relating to any action, activity, or transaction involving the transactions contemplated by this Agreement. After Closing, Buyers agree to make available documents relating to pre-closing activities of the Business and Buyers' personnel as reasonably requested by Sellers to assist Sellers with responding to ongoing government investigations or claims by third parties and to cooperate with Sellers' reasonable requests arising from such matters. Sellers agree to promptly pay any actual costs reasonably incurred as a result of assisting, copying records or making personnel available to assist Sellers with its retained claims.

6.2 **Third Party Consents.** To the extent that any Purchased Asset (including Assumed Agreements), may not be assigned to Buyers without the consent of another Person which has not been obtained prior to Closing, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Sellers, at their expense, shall use their reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyers' rights under the Purchased Asset in question so that Buyers would not in effect acquire the benefit of all such rights, Sellers, to the maximum extent permitted by law and the Purchased Asset, shall act after the Closing as Buyers' agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Legal Requirements and the Purchased Asset, with Buyers in any other reasonable arrangement designed to provide such benefits to Buyers.

6.3 **Name Change.** Following the Closing, Sellers and Shareholders will promptly cease the use of the "Action Labor of the Carolinas", "Action Labor of Florida", "Action Labor Management," and "Action Labor" names in the business activities; provided that Sellers may use the legal names for purposes of filing tax returns, winding down and dissolution activities, and for purposes of the Escrow Agreement. For the avoidance of doubt, the names "Action Labor of the Carolinas", "Action Labor of Florida", "Action Labor Management," and "Action Labor" constitute transferred Proprietary Rights.

6.4 **Assignment of Defenses.** If applicable, and without adverse consequences to the rights of Sellers or Shareholders, in the event of any claim against Buyers, Buyers will have and Sellers or Shareholders, as applicable, hereby irrevocably assign to Buyers, any defense, counterclaim or right of setoff of Sellers or Shareholders, as applicable (including rights to insurance policy claims with respect to any claim which is asserted against Sellers or Shareholders).

6.5 **Access to Records.** From and after the Closing Date, Sellers shall permit Buyers and their agents, designees, attorneys, accountants and other advisers such access to, and the right to copy, all books, papers and records of Sellers which relate to the Business but are not a part of the Purchased Assets as may be reasonably necessary or desirable for Buyers to operate the Business after the Closing Date, but excluding any such documents or records that are protected

from disclosure by the attorney-client privilege to the extent that Sellers and Buyers are adverse to each other with respect to the subject of the protected document. Any such examination shall be at the expense of Buyers, shall be performed during normal business hours at the place where such records are regularly maintained by Sellers (or such other place and time as the parties agree) and shall not unreasonably interfere with the normal business activities of Sellers. Sellers shall notify Buyers at any time within the five (5) year period after the Closing Date if Sellers intend to destroy any or all of the books, papers, and records described above, and Buyers shall have the right to review and remove any of such books, papers and records at Buyers' expense.

6.6 **Press Releases and Announcements.** Following the Closing (with respect to which the parties shall consult in advance if practicable under the circumstances), Buyers may issue a press release or other public statement related to this Agreement or the transaction (after consulting with Sellers in advance).

6.7 **Expenses.** Sellers, Shareholders and Buyers will each pay all of their own fees, costs and expenses (including fees, costs and expenses of legal counsel, investment bankers, accountants, brokers or other representatives and consultants and appraisal fees, costs and expenses) incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Transaction Documents, the performance of their respective obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby. Buyers, Sellers and Shareholders shall indemnify each other against any claim of third parties for brokerage commissions, finder's fees or the like in connection with the transactions contemplated herein insofar as such claims are alleged to be based on arrangements or agreements made by the indemnifying party.

6.8 **Employees and Employee Benefit Plans.**

6.8.1 Notwithstanding anything in this agreement to the contrary, Sellers shall retain all obligations and liabilities under or relating to the Employee Benefit Plans, and Buyers shall assume none thereof, except for health and welfare benefits and 401(k) plans but only with respect to obligations accruing after the Closing. Sellers shall be responsible for satisfying obligations under Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Tax Code, to provide continuation coverage and notice of such coverage to individuals and their eligible dependents who suffer a "qualifying event" on or before the Closing Date, including the closing of the transactions contemplated by this Agreement.

6.8.2 Sellers agree that they shall terminate all employees prior to the Effective Time and that they shall pay to employees at such time all wages, and commissions owed to them and any accrued vacation or other paid time off which has been earned, but not used as of the Effective Time.

6.8.3 In the event that Sellers fail to pay employees wages, commissions or earned, unused paid vacation or other paid time off, Sellers shall reimburse Buyers for any amounts that it may be found to owe as a result of this failure. Sellers shall provide notice to employees as required by the WARN Act or similar state or local laws ("***WARN Act***") and shall retain all liability for failure to comply with the WARN Act. Sellers agrees to indemnify and defend Buyers for all liabilities resulting from Sellers' failure to comply with the WARN Act in connection with Sellers'

employment practices, including but not limited to any failure to provide notices required under the WARN Act as a result of consummation of the transaction contemplated by this Agreement.

6.8.4 At the Effective Time, Buyers will offer employment to Sellers' employees who qualify for retention and comply with all applicable legal requirements. Continuing employees will receive credit for prior service with Sellers for purposes of eligibility and vesting under the Buyers' employee benefit plans and vacation policies. Further, Buyers will assume health and welfare benefit plans and 401(k) plan of Sellers, listed on Schedule 6.8, as of the Effective Time in order to allow continuing employees to not experience any disruption in their benefit coverage due to the Agreement. To the extent a consent is required from the providers of health and welfare benefit and 401(k) plans of Sellers, Sellers, at their expense, shall use their reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyers' rights under such health and welfare benefit and 401(k) plans, Sellers, to the maximum extent permitted by Legal Requirements, shall act after the Closing as Buyers' agent in order to obtain for Buyers the benefits thereunder and shall cooperate, to the maximum extent permitted by Legal Requirements, with Buyers in any other reasonable arrangement designed to provide such health and welfare benefit and 401(k) plans to Buyers' employees post-Closing and Buyers will reimburse Sellers for the premium costs under such health and welfare benefit and 401(k) plans.

6.9 **Taxes.** All transfer, bulk sales, documentary, sales, use, stamp, registration, and other such Taxes, and all conveyance fees and recording charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by Sellers when due, and Sellers will, at its own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, conveyance fees, and charges, and, if required by applicable Legal Requirements, Buyers will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation.

6.10 **Referrals and Deliveries.** After the Closing, Sellers shall promptly: (a) refer to Buyers any and all inquiries or purchase orders from customers, suppliers or other Persons relating to the Business; and (b) deliver to Buyers in the form received with the addition of any required endorsements by Sellers, any cash, checks or other payments received by Sellers after the Closing Date relating to Buyers' conduct of the Business after the Closing Date.

6.11 **Insurance Matters.** For six (6) years from and after Closing, Sellers shall maintain a general liability insurance policy and the workers compensation insurance (with limits comparable to those currently in existence) covering Sellers' pre-closing Contracts, warranties, work and services, and if liquidating as a corporation, then Sellers shall purchase a "tail" policy covering such matters on terms no less favorable than existing policies.

6.12 **Misclassified Assets.** From time to time after the Closing, in the event that Sellers inadvertently retain an asset that Buyers reasonably believe in good faith is predominately used in the Business or an asset is inadvertently transferred to Buyers that Sellers reasonably believe in good faith is predominately not used in the Business (each, a "*Misclassified Asset*"), then upon request by the requesting party for transfer of the Misclassified Asset and reasonable proof of the misclassification of the relevant asset, the other party shall transfer the Misclassified Asset to the requesting party for no additional consideration.

## ARTICLE 7

### INDEMNIFICATION

7.1 **General.** From and after the Closing, the parties shall indemnify each other as provided in this Article 7. No specifically enumerated indemnification obligation with respect to a particular subject matter as set forth below shall limit or affect the applicability of a more general indemnification obligation as set forth below with respect to the same subject matter. The parties to this Agreement hereby agree that the exclusive remedy for any breach of a representation or warranty, covenant or agreement contained in this Agreement shall be through the indemnification and setoff provisions set out in this Article 7; provided, however, that nothing in this Section 7.1 shall prohibit any party from seeking injunctive relief against any other party in respect of a breach by such other party of any covenant hereunder; and provided further that the limitation set forth in this Section 7.1 shall not apply to any Damages incurred as a result of fraud or intentional misrepresentation.

7.2 **Survival.** The representations and warranties contained in this Agreement and the foregoing indemnification provisions related thereto shall survive the Closing and shall survive until twelve (12) months following the Closing Date (the “*Claims Period*”), and shall thereafter cease to be of any force and effect. Notwithstanding the foregoing, (A) the indemnification obligations for covenants contained in Sections 7.3(b) and 7.4(b) shall survive until performed, and (B) the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.5, 4.7, 4.9, 4.10, 4.11, and 4.15 (collectively, the “*Fundamental Representations*”), the indemnifications contained in Sections 7.3(c) through (e) and the foregoing indemnification obligations related thereto, and for matters covered in Sections 7.3(c) through (e), shall survive until the expiration of the statute of limitations applicable to the subject matter of the representation and warranty in accordance with Chapter 95 of the Florida Statutes, but if there is no statute of limitations applicable to the subject matter of a specific representation and warranty, such representation and warranty shall remain in effect until the expiration of the statute of limitations applicable to a breach of written contract and shall thereafter cease to be of any force and effect. Notwithstanding the foregoing, the expiration of any representations and warranties shall not affect the parties’ rights and obligations as to any claims asserted prior to such date nor any covenants of the parties requiring performance following the Closing.

7.3 **Indemnification by Sellers Indemnitors.** Subject to the limitations set forth in Section 7.5, from and after the Effective Time, the Sellers Indemnitors, shall jointly and severally indemnify, defend and hold harmless Buyers and their stockholders, directors, officers, other affiliates and representatives (all such foregoing Persons, collectively, the “*Buyer Indemnitees*”) from and against the entirety of any Damages the Buyer Indemnitees may suffer, sustain or become subject to (the “*Buyer Indemnifiable Losses*”) arising out of, in connection with or resulting from:

- (a) any breach or inaccuracy of any representation or warranty made by Sellers or Shareholders under Article 4;
- (b) any nonfulfillment or breach of any covenant, agreement or obligation to be performed by Sellers or the Shareholders pursuant to this Agreement;

(c) any amount required to pay any Sellers Transaction Expenses or Indebtedness;

(d) (i) any and all Taxes (or the non-payment thereof) of Sellers or the liability of Sellers for Taxes of another Person (for example, by reason of transferee liability), (ii) any Taxes arising as a result of the transactions described in this Agreement, (iii) all Taxes required to be withheld in connection with any payment to or for the benefit of Sellers or Shareholders; (iv) any current or long-term deferred Tax liabilities as of the Closing Date, (v) any and all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Sellers (or any predecessor of any of the foregoing) are or were a member on or prior to the Closing Date, (vi) any Taxes imposed with respect to a breach of any of the representations, warranties or covenants contained in Section 4.9 and Section 6.9 hereof, and (vii) any and all Taxes of any Person (other than Sellers) imposed on Sellers as a transferee or successor by contract or applicable Legal Requirements, which Taxes relate to an event or transaction occurring before the Closing; or

(e) Sellers' and/or Shareholders' conduct of the Business prior to the Closing or their conduct of any other business at any time and any and all Excluded Liabilities.

7.4 **Indemnification by Buyers.** Subject to the limitations set forth in Section 7.5, from and after the Effective Time, Buyers shall jointly and severally indemnify, defend and hold harmless Sellers and their affiliates and representatives (all such foregoing Persons, collectively, "***Sellers Indemnitees***"; each Buyer Indemnitee and each Sellers Indemnitee, as the context requires, is sometimes referred to herein as "***Indemnified Party***" or "***Indemnifying Party***"), from and against the entirety of any Damages such Sellers Indemnitee may suffer, sustain or become subject to (the "***Sellers Indemnifiable Losses***") (Buyer Indemnifiable Losses and Sellers Indemnifiable Losses, as the context requires, are each sometimes referred to herein as "***Indemnifiable Losses***"), resulting from:

(a) any breach or inaccuracy of any representation or warranty made by Buyers under Article 5; or

(b) any nonfulfillment or breach of any covenant, agreement or obligation to be performed by Buyers pursuant to this Agreement.

7.5 **Limits on Indemnification.** The following provisions shall apply to limit the Parties' ability to recover for Indemnifiable Losses pursuant to Sections 7.3 and 7.4:

(a) The aggregate liability of the Sellers Indemnitors to indemnify Buyers from and against any Damages pursuant to Section 7.3(a) shall be limited to the \$6,000,000; provided, however, that the foregoing limitation shall not apply with respect to any claims based on or relating to fraud or intentional misrepresentation or any Buyer Indemnifiable Losses relating to a breach or inaccuracy of a Fundamental Representation, and which liability shall instead be limited to the actual Purchase Price.

(b) The Sellers Indemnitors shall not have any obligation to indemnify the Buyer Indemnitees with respect to any Buyer Indemnifiable Losses pursuant to Section 7.3(a) until the Buyer Indemnitees have first suffered aggregate Buyer Indemnifiable Losses in excess of \$40,000 (the "***Basket***") (at which point the Sellers Indemnitors shall be obligated to indemnify the

Buyer Indemnitees only for the amount of such excess); provided, however, that the foregoing limitation shall not apply with respect to any claims based on or relating to (i) fraud or intentional misrepresentation, or (ii) any Buyer Indemnifiable Losses relating to a breach or inaccuracy of a Fundamental Representation.

(c) No Indemnifying Party shall have any obligation to indemnify any Indemnified Party from and against any Indemnifiable Loss resulting from a breach of a representation or warranty made in this Agreement unless on or prior to the Termination Date or, in the case of a Fundamental Representation, on or prior to expiration of the survival period set forth in Section 7.2, such Indemnified Party gives written notice of such claim to the Indemnifying Parties that meets the following requirements: such written claims shall state the nature and basis of such claim in reasonable detail and state the amount of such Damages (or reasonable estimate thereof if the actual amount is not known or not capable of reasonable calculation).

(d) Except for any claim for fraud or intentional misrepresentation, or equitable or specific performance remedies to enforce the covenants contained herein, the indemnification provisions of this Article 7 shall be the sole and exclusive remedy with respect to any and all claims arising out of or relating to this Agreement and the performance or the alleged non-performance by the Parties of their obligations under this Agreement. For purposes of clarity, the Parties acknowledge and agree that the provisions of this Article 7 shall not apply to any claims arising out of or relating to any Transaction Document other than this Agreement.

(e) An Indemnified Party must, at the Indemnifying Party's request, cooperate in the defense of any matter subject to indemnification pursuant to this Article 7. The Indemnified Parties shall use commercially reasonable efforts to mitigate any such Losses suffered by the Indemnified Parties.

(f) The Sellers Indemnitors shall not have any obligation to indemnify the Buyer Indemnitees with respect to any Buyer Indemnifiable Losses to the extent of any reserve therefor.

(g) Except to the extent relating to fraud or intentional misrepresentation, no Person shall be liable to any other Person for any consequential, exemplary or punitive damages unless such damages are claimed by an independent third party.

(h) Buyers will have the right to offset any Damages they suffer or amounts owed by Sellers and/or Shareholders to Buyers against any amounts payable after the Closing to Sellers and/or Shareholders under this Agreement, any Transaction Document or any other agreement between Buyers and Sellers and/or Shareholders. If at any time Buyers have a pending claim for indemnity against Sellers and/or Shareholders but the claim has not been finally liquidated, Buyers may withhold from any payment owed to Sellers and/or Shareholders a reasonable estimate of the amount of such claim.

(i) Any indemnification payment made by any Party hereunder shall be paid net of any Tax benefit for state income Taxes (whether by refund, overpayment, credit, or reduction in Taxes otherwise payable) actually realized (determined on a with and without basis) by an Indemnified Party from the incurrence or payment of any such Damages taking into account

the accrual and receipt of the related indemnity payment by an Indemnified Party (a “*Net Tax Benefit*”). In computing the Net Tax Benefit, the Indemnified Party shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any items arising from the receipt or accrual of any indemnity payment hereunder or the incurrence or payment of any Damages for which indemnification is provided under this Article 7. For purposes of this Agreement, the Indemnified Party shall be deemed to have “actually realized” a Net Tax Benefit to the extent that, and at such time as actually received and to the extent amounts are deductible on a Tax Return. The amount of Taxes payment by such Person is reduced below the amount of Taxes that such Person would have been required to pay but for the payment of such Damages for which indemnification is provided for under this Article 7 and the accrual and receipt of the related indemnity payment. The Parties shall use commercially reasonable efforts to structure indemnity payments to avoid incurring Tax costs on the receipt thereof.

(j) The amount of any Damages subject to indemnification under this Article 7 shall be net of any amounts actually recovered by the Party seeking indemnification under applicable insurance policies or from any other Person alleged to be responsible therefor. If the Indemnified Party actually receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Damages or recovers proceeds relating to an indemnified Loss, subsequent to an indemnification payment by the Party against whom indemnity is sought, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount received by the Indemnified Party, net of any expenses or costs incurred by such Indemnified Party by reason of making such claim or collecting such amount. Each Indemnified Party shall use commercially reasonable efforts to collect any amounts available under insurance coverage, or from any other Person alleged to be responsible, for any Damages payable under this Article 7.

7.6 **Disbursement of Escrow Amount.** The Escrow Amount shall be the nonexclusive source of funds used to satisfy Buyer Indemnifiable Losses, if any, for which Buyers are entitled to indemnification or reimbursement in accordance with the terms of this Article 7, and any payments for which Buyers are entitled under Article 3. An indemnity claim by Buyers shall first proceed against the Escrow Amount to obtain payment of any amounts due and owing for which any Buyer Indemnitee is entitled to indemnification in accordance with the terms of this Article 7. The Escrow Amount shall be disbursed and terminated in accordance with the terms of the Escrow Agreement. Following the depletion or disbursement of the Escrow Amount, Buyer Indemnitees shall be entitled to proceed against one or more of the Sellers Indemnitors directly or set off other payments due under Article 3.

#### 7.7 **Matters Involving Third Parties.**

7.7.1 If any third party notifies any Indemnified Party with respect to any matter (“*Third Party Claim*”) which may give rise to a claim for indemnification against the Indemnifying Party under this Article 7, then the Indemnified Party must promptly after receipt of notice of the Third Party Claim notify the Indemnifying Party thereof in writing. Such notice shall state the nature and basis of such Third Party Claim and the amount thereof to the extent known, and shall be accompanied by copies of all relevant documentation with respect to such Third Party Claim, including any summons, complaint or other pleading which may have been served, any

written demand or other document or instrument. Notwithstanding the foregoing, no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent that) the Indemnifying Party is prejudiced thereby.

7.7.2 The Indemnifying Party shall have the right to defend the Indemnified Party against the Third Party Claim with counsel of the Indemnifying Party's choice, reasonably satisfactory to the Indemnified Party, so long as (i) the Indemnifying Party notifies the Indemnified Party, within twenty (20) days after the Indemnified Party has given notice of the Third Party Claim to the Indemnifying Party, that the Indemnifying Party is assuming the defense of such Third Party Claim and agrees that such Third Party Claim is properly indemnifiable pursuant to this Article 7, and (ii) the Indemnifying Party conducts the defense of the Third Party Claim in an active and diligent manner. In the event that the Indemnifying Party fails to assume the defense of any Third Party Claim within twenty (20) days after notice thereof is given by the Indemnified Party or fails to conduct such defense in an active and diligent manner, the Indemnified Party shall have the right to undertake the defense of such Third Party Claim at the expense and for the account of the Indemnifying Party.

7.7.3 So long as the conditions set forth in Section 7.6.2 are and remain satisfied, then: (i) the Indemnifying Party may conduct the defense of the Third Party Claim in accordance with Section 7.6; (ii) the Indemnified Party may retain separate co-counsel at its sole cost and expense (provided, however, that the Indemnifying Party shall pay the reasonable attorneys' fees of the Indemnified Party if (A) the employment of separate counsel was authorized in writing by the Indemnifying Party in connection with the defense of such Third Party Claim, (B) the Indemnified Party has reasonably concluded that there may be defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, or (C) the Indemnified Party's counsel has advised the Indemnified Party in writing, with a copy delivered to the Indemnifying Party, that there is a conflict of interest that could make it inappropriate under applicable standards of professional conduct to have common counsel); and (iii) the Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which consent may not be unreasonably withheld or delayed), consent to any admission or the entry of any judgment with respect to the matter, or enter into any settlement which (A) imposes an injunction or other equitable relief upon the Indemnified Party, (B) does not include an unconditional provision whereby the plaintiff or claimant in the matter releases the Indemnified Party from all liability with respect thereto or (C) in the opinion of the Indemnified Party, could have an adverse effect on its business, operations, assets, or financial condition.

Notwithstanding the above, the Indemnifying Party shall not be entitled to control (but shall be entitled to participate at its own expense in the defense of), and the Indemnified Party shall be entitled to have sole control over, the defense or settlement, compromise, admission, or acknowledgment of any Third Party Claim: (i) as to which the Indemnifying Party fails to assume the defense within twenty (20) days after the Indemnified Party gives notice thereof to the Indemnifying Party or which, following assumption, the Indemnifying Party fails to actively and diligently defend; (ii) to the extent the Third Party Claim seeks an Order or other equitable relief against the Indemnified Party which, if successful, would materially adversely affect the business, operations, assets, or financial condition of the Indemnified Party; or (iii) in the case where the Sellers Indemnitors are the Indemnifying Party and the Indemnifiable Losses claimed in



connection therewith involve an amount in excess of the amount then available for indemnification in light of the limitations set forth in Section 7.4; provided, however, that the Indemnified Party may make no settlement, compromise, admission, or acknowledgment that would give rise to any liability on the part of the Indemnifying Party without the prior written consent of the Indemnifying Party (which consent may not be unreasonably withheld or delayed).

7.8 **Cooperation**. Subject to the provisions of Section 7.6, the Indemnifying Party shall have the right, at its own expense, to participate in the defense of any Third Party Claim, and if said right is exercised, the parties shall cooperate in the investigation and defense of said Third Party Claim.

## ARTICLE 8

### RESTRICTIVE COVENANTS

8.1 **Noncompetition and Nonsolicitation**. Subject to the occurrence of the Closing, and as an inducement to Buyers to execute this Agreement and complete the transactions contemplated hereby, and in order to preserve the goodwill associated with the Business being acquired pursuant to this Agreement, each Seller and each Shareholder hereby covenants and agrees that for a period of five (5) years from and after the Closing Date, such Seller and/or Shareholder will not, subject to the last paragraph of this Section 8.1, directly or indirectly through one or more Affiliates, within the Territory described below:

(a) Engage in, continue in or carry on any business which competes with the Business (in the manner currently conducted), including owning or controlling any financial interest in any Person which is so engaged, or making or selling any product or services which is the same as or similar to the products or services of the Business;

(b) Consult with, advise or assist in any way, whether or not for consideration, any Person which is now or becomes a competitor of Buyers with respect to the Business (in the manner currently conducted), including endorsing the products or services of any such competitor, soliciting customers or otherwise serving as an intermediary for any such competitor, or loaning money or rendering any other form of financial assistance (including equity investments) to or engaging in any similar form of business transaction with any such competitor;

(c) Engage in any practice the purpose of which is to evade the provisions of this covenant not to compete;

(d) Induce, encourage or cause any customer or supplier of the Business or Buyers to terminate doing business with the Business (as acquired by Buyers) or Buyers; or

(e) Induce, encourage or cause any employee of the Business or Buyers to terminate such employee's employment with the Business or Buyers;

*provided, however,* that in no event do any of the foregoing prohibitions or restrictions extend to the ownership of less than five percent (5%) of the outstanding stock of any entity whose stock is traded on an established stock exchange or quoted on the Nasdaq Stock Market.

8.1.2 For purposes hereof, “*Territory*” is defined as any state, province, county or similar geographic subdivision anywhere in the United States in which Sellers conducted the Business in the one (1) year period prior to the Closing Date. The parties intend that this Section 8.1 shall be construed as separate covenants, one for each state, province, county or other geographic subdivision to which the covenant applies.

8.1.3 The parties agree further that Buyers may sell, assign or otherwise transfer this covenant not to compete, in whole or in part, to any Person that purchases all or part of the Business or the Purchased Assets.

8.2 **Non-Disparagement.** Sellers, Shareholders and Buyers each covenant and agree that, following the Closing, it will not, directly or indirectly, make (i) any public statement (including, but not limited to, by way of posting on internet bulletin boards) that is intended by such party to be understood or which is reasonably understood to cast doubt on the business of the other party (including the Business as owned by Buyers after the Closing) or on such party’s products, services, finances, financial condition, capabilities or other aspects of its business or on any of its employees, officers, directors, or Affiliates or that is intended to provide a competitive advantage to any third party over Buyers or their Affiliates; or (ii) any statement about the other party’s products or services that is untrue or misleading and is made to influence or tends to influence the public (including, but not limited to, any client or potential customer of the other party) not to engage the other party to provide such products or services. Notwithstanding any term to the contrary herein, neither party shall be in breach of this Section 8.2 for making any truthful statements under oath.

8.3 **Confidentiality.** Each Seller and each Shareholder acknowledges that the business connections, customers, customer lists, marketing, production, sales techniques, procedures, operations, and other Proprietary Rights and aspects of the Business which are to be acquired by Buyers hereunder have been established and maintained at great expense, and it is Buyers’ belief that they will be of great value to Buyers. Therefore, conditioned on and commencing as of the Closing, each Seller and each Shareholder shall not, directly or indirectly, use or disclose, or cause or allow such Seller’s and/or Shareholder’s current or former employees, agents, representatives or other Affiliates to use or disclose, to Buyers’ detriment, any confidential or proprietary information possessed by any Seller and/or Shareholder prior to the Closing relating to the Business or any of the Purchased Assets for so long as such information is deemed by Buyers to be confidential or proprietary, or until five (5) years after the Closing Date, whichever occurs first, except information which is in or becomes part of the public domain (through no fault of a Seller or Shareholder after the date of this Agreement) and information required by Legal Requirements to be disclosed.

#### 8.4 **Remedies.**

8.4.1 Sellers and Shareholders acknowledge and agree that (i) Buyers would be irreparably damaged if Sellers or Shareholders were to violate any of the covenants in this Article 8 and that such violation by Sellers or Shareholders would result in a significant loss of the goodwill of the Business purchased by Buyers hereunder; and (ii) the covenants and agreements set forth in this Article 8 were a material inducement to Buyers to enter into this Agreement and to perform its obligations hereunder, and that Buyers would not obtain the benefit of the bargain

set forth in this Agreement as specifically negotiated by the parties if Sellers or Shareholders breached the provisions of this Article 8.

8.4.2 Sellers and Shareholders have consulted with legal counsel regarding the agreements set forth in this Article 8 and, based on such consultation, have determined and hereby acknowledge that such covenants are reasonable in terms of duration, scope and area restrictions and are necessary to protect the goodwill of the Business and the substantial investment in the Business made by Buyers hereunder. All of the covenants in this Article 8 shall be construed as an agreement independent of any other provision in this Agreement, and the existence of any claim or cause of action of Sellers or Shareholders against Buyers or any subsidiary or Affiliate, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Buyers of such covenants. It is specifically agreed that the period of five (5) years stated at the beginning of this Article 8, during which the agreements and covenants of Sellers or Shareholders made in this Article 8 shall be effective, shall be computed by excluding from such computation any time during which Sellers or Shareholders are found to be in violation of any provision of this Article 8. The covenants contained in Article 8 shall not be affected by any breach of any other provision hereof by any party hereto.

8.4.3 If Sellers or Shareholders breach any of the agreements set forth in this Article 8, Buyers shall have, in addition to any of the rights or remedies allowed at law or equity and under this Agreement, the following rights and remedies, each of which rights and remedies shall be independent of the others and severally enforceable and each as shall be determined by a competent court (but excluding the application of any rule of law limiting such remedy unless the parties have agreed to the same): (a) the right and remedy to have the covenants set forth in this Article 8 specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of any such covenants would cause irreparable injury to Buyers and that money damages would not provide an adequate remedy to Buyers; (b) the right and remedy of an injunction (including a temporary injunction without bond) prohibiting any further breach of the covenants contained in this Article 8; (c) the right and remedy to require Sellers or Shareholders, as applicable, to account for and pay over to Buyers any profits, monies, accruals, increments or other benefits derived or received by Sellers or Shareholders, as applicable, as the result of any transactions constituting a breach of any such covenants; and (d) the right and remedy to recover all costs and expenses incurred in the successful enforcement of this covenant as determined by a competent court, including Buyers' reasonable costs of litigation and attorneys' fees.

8.4.4 If at any time any of the provisions of this Article 8 shall be determined to be invalid or unenforceable by reason of being vague or unreasonable as to duration, area or scope of activity, or otherwise, then this Article 8 shall be considered divisible (with the other provision to remain in full force and effect) and the invalid or unenforceable provisions shall become and be deemed to be immediately amended to include only such time, area, scope of activity and other restrictions as shall be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter, and the parties hereto expressly agree that this Agreement, as so amended, shall be valid and binding as though any invalid or unenforceable provision had not been included herein.

8.5 **Tax Clearance Certificates.** Buyers and Sellers shall cooperate in preparing and filing with the appropriate Governmental Entity such forms as may be required in order to obtain a tax clearance or other documents absolving Buyers from any responsibility or liability for Sellers' income, sales and use Taxes.

## ARTICLE 9

### MISCELLANEOUS

9.1 **Representations as to Knowledge.** The representations, warranties and covenants contained in this Agreement will in each and every case where a statement to the "***Best Knowledge,***" "***Best of Knowledge,***" "***Knowledge of Sellers,***" or "***Sellers' Knowledge***" is required on behalf of Shareholders or Sellers in this Agreement be deemed to require that such statement be in good faith and to the actual knowledge, after reasonable inquiry, of Shareholders and the directors and officers of Sellers, and the branch managers of Sellers.

9.2 **Governing Law.** This Agreement shall be governed by the internal laws of the State of Florida.

9.3 **Entire Agreement.** This Agreement contains the full and complete understanding and the entire agreement of the parties hereto with respect to the transactions described herein, and supersedes all prior agreements or understandings among the parties hereto relating to the subject matter hereof.

9.4 **Amendment.** This Agreement may be amended, modified or supplemented only by written instruments signed by Buyers, Shareholders and Sellers.

9.5 **Severable.** In the event any one or more of the provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement and any other application thereof shall not in any way be affected or impaired thereby.

9.6 **Notices.** All notices, requests, demands and other communications under this Agreement to the parties shall be in writing and shall be personally delivered or sent by commercial courier, facsimile or e-mail (with the original by mail) or certified or registered mail to the following addresses:

Sellers/Shareholders:

c/o Karen Hoover  
116 5TH Ave South  
Lake Worth Fl.33460  
E-mail: [karen@actionlabor.com](mailto:karen@actionlabor.com)

With a copy to:

Bennet S. Cohn, Esq.  
1806 Old Okeechobee Road  
West Palm Beach, FL 33409  
E-Mail: [bennettcohn@bcohnlaw.com](mailto:bennettcohn@bcohnlaw.com)

Buyers: c/o Waterfield Holdings  
J. Randall Waterfield,  
4779 Collins Ave, Suite 4405  
Miami Beach, FL 33140  
jrw@waterfield.com

With a copy to:

Quarles & Brady LLP  
411 East Wisconsin Avenue, Suite 2350  
Milwaukee, WI 53202  
Attn: Katrene Zelenovskiy  
E-Mail: Katrene.zelenovskiy@quarles.com

Any party may change its address for purposes of this Section 9.6 by giving all the other parties notice of the new address in the manner set forth herein. Any notice given as set forth herein shall be deemed to be received on the earlier of actual receipt or four (4) business days after being sent.

9.7 **Time of Essence.** Time is of the essence with respect to this Agreement and the transactions contemplated hereby.

9.8 **Interpretation.** Unless the context requires otherwise, all words used in this Agreement in the singular number shall extend to and include the plural, all words in the plural number shall extend to and include the singular, and all words in any gender shall extend to and include all genders. Use of the word “include” or “including” shall be deemed to mean “including without limitation” unless the context clearly dictates otherwise. Reference herein to “Sections,” “Schedules” and “Exhibits” shall refer to the Sections, Schedules and Exhibits included in or attached to this Agreement, unless otherwise noted. The language used in this Agreement shall be deemed to be language chosen by the parties to this Agreement to express their mutual intent. In the event an ambiguity or question of intent or interpretation arises concerning the language of this Agreement, this Agreement shall be construed as if drafted jointly by the parties to this Agreement and no presumption or burden of proof will arise favoring or disfavoring any party to this Agreement by virtue of the authorship of any of the provisions of this Agreement.

9.9 **Counterparts.** This Agreement may be executed in one or more counterparts (by fax or otherwise), each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

9.10 **Dispute Resolution.** If a dispute arises out of or relates to this Agreement, or the breach thereof, the parties agree first to try in good faith to resolve the dispute for a twenty-one (21) day period by direct discussions. If the parties are unable to resolve a dispute within such twenty-one (21) day period, or such longer period as they mutually agree, the parties agree to endeavor to settle the dispute in an amicable manner by mediation in Palm Beach County, Florida, or such other location as may be mutually agreed, using a disinterested mediator agreeable to each party, with the cost of such mediation shared 50% by Buyers, on one hand, and 50% by Sellers and Shareholders, on the other hand. If the dispute is not resolved by mediation, the parties agree

that it shall be resolved by binding arbitration with JAMS in Palm Beach County, Florida, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof pursuant to applicable law. The tribunal will consist of a sole arbitrator who shall in his or her discretion be permitted to award fees and expenses of arbitration, including reasonable attorney's fees. Notwithstanding anything contained in Section 9.10 herein, the parties may seek court order to enforce covenants of the other parties under this Agreement in Palm Beach County, Florida courts. EACH PARTY, BY SIGNING THIS AGREEMENT, EXCEPT AS OTHERWISE CONTEMPLATED IN THIS AGREEMENT, VOLUNTARILY, KNOWINGLY AND INTELLIGENTLY WAIVES ANY RIGHTS SUCH PARTY MAY OTHERWISE HAVE TO SEEK REMEDIES IN COURT OR OTHER FORUMS, INCLUDING THE RIGHT TO JURY TRIAL. THE SUBMISSION AND AGREEMENT TO ARBITRATE WILL BE SPECIFICALLY ENFORCEABLE, SUBJECT TO THE OTHER PROVISIONS OF THIS AGREEMENT.

*[The remainder of this page intentionally left blank. Signature pages to follow.]*

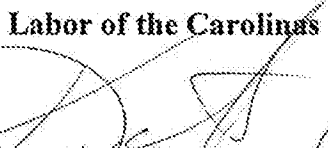
IN WITNESS WHEREOF, the parties have duly executed this Asset Purchase Agreement as of the date first written above.

**SELLERS:**

**SHAREHOLDERS:**

**Action Labor of the Carolinas LLC**

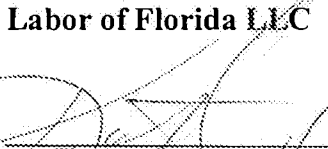
**KH Partners Limited Partnership**


By:   
Name: KAREN HOOPER  
Title: PRES / CEO

By:   
Name: KAREN HOOPER  
Title: PRES / CEO


**Action Labor of Florida LLC**

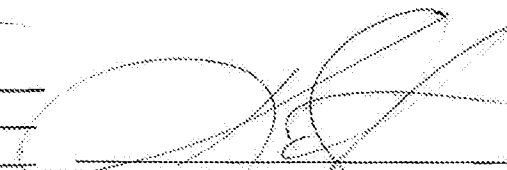
**Karen A. Hoover, Inc.**

By:   
Name: KAREN HOOPER  
Title: PRES / CEO

By:   
Name: KAREN HOOPER  
Title: PRES / CEO

**Action Labor Management LLC**

By:   
Name: KAREN HOOPER  
Title: PRES / CEO

  
Karen A. Hoover

**BUYERS:**

**Waterfield Florida Staffing, LLC**

By: Kevin J. O'Keefe  
Name: Kevin J. O'Keefe  
Title: Vice President and Treasurer

**Waterfield South Carolina Staffing**

By: Kevin J. O'Keefe  
Name: Kevin J. O'Keefe  
Title: Vice President and Treasurer

**Waterfield Staffing Management, LLC**

By: Kevin J. O'Keefe  
Name: Kevin J. O'Keefe  
Title: Vice President and Treasurer