

# LICENSE AGREEMENT

Representing the agreement between  
the Alpha Phi International Fraternity, Inc.,  
a fraternal organization

and

Affinity Test Vendor 4  
28 W 27th  
Spokane Washington 99224

Agreement No. A130544111 THIS LICENSE AGREEMENT is made and entered into this 15 of May, 2013, by and between the Alpha Phi International Fraternity, Inc., of 1930 Sherman Avenue, Evanston, IL, hereinafter collectively referred to as "FRATERNITY" and Affinity Test Vendor 4, of 28 W 27th Spokane Washington 99224, hereinafter referred to as "LICENSEE". WHEREAS, FRATERNITY has adopted various distinct insignia for the utilization of the membership of the FRATERNITY, which insignia are the subject of various registrations issued to FRATERNITY by the United States Patent and Trademark Office and as a result of long term utilization of said insignia by members of the FRATERNITY, considerable goodwill has inured to the benefit of FRATERNITY; and WHEREAS, LICENSEE desires to produce or have produced for it, items which will utilize certain of the insignia of FRATERNITY; and WHEREAS, the Parties to this License Agreement wish to set forth in writing each and every term and condition of FRATERNITY'S grant to LICENSEE of the limited right to utilize certain of the insignia of FRATERNITY. NOW, THEREFORE, in consideration of the covenants, conditions and stipulations contained herein, the parties hereto agree as follows: 1. GRANT OF LICENSE: For the duration of this agreement and pursuant to each and every condition hereinafter set forth, FRATERNITY hereby grants to LICENSEE the non-exclusive right to utilize the following insignia of FRATERNITY:

Greek letters of organization, the crest, badge, and name "Alpha Phi," including nicknames and symbols commonly used by FRATERNITY in trade, as determined by FRATERNITY from time to time. It is understood and agreed that LICENSEE will not utilize any variations on any of the foregoing insignia, or any insignia confusingly similar to any of these insignia absent prior written approval from FRATERNITY.

2. ACKNOWLEDGEMENT OF PROPRIETARY RIGHTS: LICENSEE acknowledges the ownership by FRATERNITY of each of their insignia, including but not limited to FRATERNITY'S names, Greek letters, crest, badge, nicknames, symbols, and the goodwill associated therewith and agrees that it will do nothing inconsistent with such ownership and agrees that all goodwill associated with the use of the insignia by LICENSEE shall inure to the benefit of FRATERNITY. LICENSEE agrees that nothing in this License Agreement shall give LICENSEE any right, title or interest in the insignia other than the limited right to use the insignia of FRATERNITY and only within the scope of each of the terms and conditions of this License Agreement and LICENSEE agrees that it will neither question nor otherwise attack the ownership by FRATERNITY of any of its insignia. 3. LICENSED PRODUCTS: LICENSEE is granted the non-exclusive right to utilize the insignia specifically referenced in paragraph 1 above only in relation to the following products: **See Appendix A** 4. QUALITY CONTROL: In order to protect the goodwill associated with FRATERNITY and its insignia, LICENSEE agrees that in relation to any of its merchandise and any advertising thereof it markets and/or provides utilizing FRATERNITY'S insignia, LICENSEE will maintain the high quality associated with FRATERNITY and its licensed merchandise and services. LICENSEE shall not commence marketing, sale or production of any product utilizing FRATERNITY'S insignia until a representative sample of product and marketing materials has been provided to FRATERNITY and specifically approved in writing by FRATERNITY. LICENSEE is required to submit all new designs and/or marketing materials containing FRATERNITY insignia, or any that are confusingly similar, for approval and shall not produce any products or commence marketing of said products until said designs/materials are approved in writing by FRATERNITY, or their designee. Every year thereafter, upon written request, LICENSEE shall again provide to FRATERNITY representative samples of products which utilizes FRATERNITY'S insignia and/or marketing materials in association with any products which LICENSEE is requesting the right to market in association with renewal of this License Agreement. Should any licensed products and/or marketing materials be deemed reasonably unacceptable by FRATERNITY, within a reasonable period of time and upon request, LICENSEE shall provide the purchaser with a full refund. FRATERNITY has the right and authority to regularly monitor the quality of any products and/or marketing materials within the scope of this License Agreement and if in the exercise of its discretion, FRATERNITY determines that the quality of any of the licensed products and/or marketing materials have decreased below FRATERNITY'S standards, including but not limited to those described in Appendix C, it shall notify LICENSEE in writing of its objections to the quality of the products and/or marketing materials, which notice shall advise LICENSEE of the specific requirements necessary to satisfy FRATERNITY'S quality standards. Following LICENSEE'S receipt of said notice, LICENSEE shall immediately cease and desist from the marketing of any products which FRATERNITY claims has decreased below FRATERNITY'S quality standards and shall not resume the marketing of any such products until the quality of said products and/or marketing materials is improved to the extent of being in compliance with any reasonable quality control demands imposed by FRATERNITY. Following LICENSEE'S receipt of any notice from FRATERNITY notifying LICENSEE of objections relating to the quality of its products and/or marketing materials, LICENSEE shall have thirty (30) days, or any such longer period of time agreed upon by the parties to resume the marketing of products acceptable to FRATERNITY and upon LICENSEE'S failure to timely so comply with any of FRATERNITY'S reasonable quality control demands, this License Agreement shall be immediately terminable by FRATERNITY. 5. MARKING: Licensee shall identify each licensed product as an officially licensed product of FRATERNITY by incorporating the "Official Licensed Product" hologram decal shown in Appendix B (and available for purchase exclusively from OPSEC) on a sticker, tag, label, imprint, or other appropriate method. In addition, all marketing, promotional and advertising pieces associated with the licensed products of FRATERNITY must also be represented with the "Official Licensed Product" seal. The Licensee shall also

identify each licensed product with the appropriate service mark or trademark symbol in a manner specified in the artwork provided by FRATERNITY upon license approval or as otherwise specified from time to time in writing by FRATERNITY. The "Official Licensed Product" seal is the exclusive property of Affinity Marketing Consultants, Inc. During the term of this License Agreement, Licensee is hereby granted the limited right to use the "Official Licensed Product" seal by Affinity Marketing Consultants, Inc. 6. ROYALTY: In relation to all merchandise marketed by or on behalf of LICENSEE utilizing any of FRATERNITY'S insignia, LICENSEE shall pay to FRATERNITY a royalty calculated as follows:

\$40 annual advance against royalties owed, paid as an annual minimum guarantee; 8.5% of gross sales (defined as total customer invoice for the full value of the embellished product(s) less actual shipping charges, taxes or actual returns. Gross sales shall be calculated before applying discounts, rebates, allowances or other adjustments, and the gross sales is inclusive of labor charges, design fees or other related charges).

In the event LICENSEE distributes

or sells licensed products at a special price directly or indirectly to itself, or in concert with others, including without limitation, any affiliate or subsidiary of LICENSEE, to any other person, firm or corporation related in any manner to LICENSEE or its officers, directors or major stockholders, or through a distributor (subject to approval by FRATERNITY), LICENSEE shall pay royalties with respect to such distribution or sales based upon the regular gross retail sales price for such licensed products or, if such regular gross retail sales pricing is not available, as determined by FRATERNITY'S evaluation of comparable prices charged the trade for similar products. Within thirty (30) days following the end of each calendar quarter, LICENSEE shall provide FRATERNITY with a precise accounting showing the calculation of the royalty owing, along with payment of the royalty owing for said calendar quarter. The quarterly accounting shall include sufficient detail to clearly and understandably provide FRATERNITY with any and all information which is to be taken into account in association with the calculation of the royalty owing and, if requested by FRATERNITY in association with any accountings, LICENSEE shall accurately complete and provide FRATERNITY with any forms of accounting reasonably specified by FRATERNITY. Any royalty or other amount owing from LICENSEE to FRATERNITY which is not paid within seven (7) days of the due date thereof shall accrue interest at the rate of ten (10%) percent per annum. Any royalty report not received within seven (7) days of the due date thereof shall incur an administrative fee of fifteen (\$15) dollars for late royalty reports, which shall be billed separate from and in addition to all royalties owed, if any. 7. RECORD KEEPING/AUDIT RIGHTS: For a period of at least three (3) years following each transaction involving merchandise containing FRATERNITY insignia, LICENSEE agrees to maintain true, correct and orderly records in conformity with reasonably recognized accounting standards, including all production records, order forms and purchase orders reflecting the total quantity of licensed merchandise manufactured and the total quantity of licensed merchandise sold or otherwise distributed, including true, accurate and complete accounting records of all consideration received by or on behalf of LICENSEE in relation to any licensed merchandise produced by or on behalf of LICENSEE, as well as any other records reasonably specified by FRATERNITY. The records to be kept by LICENSEE shall be reasonably available for audit or inspection by or on behalf of FRATERNITY. Should any such inspection or audit disclose that royalties paid to FRATERNITY were less than the amount actually owing, LICENSEE shall forthwith pay to FRATERNITY the deficiency with interest at the rate of ten (10%) percent per annum from the date when the deficient amount should have been paid to FRATERNITY. Furthermore, should the audit or inspection disclose that royalties paid by LICENSEE were intentionally understated in any amount, or unintentionally understated in an amount of at least five (5%) percent less than the actual royalty owing for any quarterly period, LICENSEE shall be responsible to immediately reimburse FRATERNITY for all fees and expenses incurred by FRATERNITY in relation to the inspection or audit. 8. INSURANCE: The LICENSEE is obligated to maintain comprehensive general and product liability insurance protecting against claims of any sort for loss or damage arising out of the design, manufacture or marketing of licensed products, said liability insurance to be maintained in the face amount of one million dollars (\$1,000,000.00), which policy of insurance shall name FRATERNITY as a co-insured and shall provide that FRATERNITY is to be given at least thirty (30) days notice from the insurer prior to cancellation or amendment of such insurance policies. The LICENSEE shall provide FRATERNITY with certificates of insurance evidencing that the required insurance has been procured before commencing with the manufacture or marketing of any merchandise bearing insignia of FRATERNITY. Should the LICENSEE fail to maintain the required insurance, FRATERNITY may, but is not required to, procure same and the LICENSEE shall promptly reimburse FRATERNITY for the cost of same. 9. DURATION: This License Agreement shall remain in effect up through the 30th day of June next following the execution of this agreement and is automatically renewed for an additional year in accordance with the next paragraph hereof unless either party mails written notice to the other party on or before May 31 of the then current year notifying the other party that this agreement will not be renewed and will terminate effective June 30 of that year. 10. POTENTIAL RENEWAL: Unless terminated by either party pursuant to any of the terms and conditions of this License Agreement, this License Agreement is automatically renewed for an additional year beginning on July 1, pursuant to the following conditions:

- a. At the written request of FRATERNITY, LICENSEE will provide representative samples of any merchandise, which LICENSEE wishes to market pursuant to a renewal of this License Agreement;
- b. FRATERNITY shall have thirty (30) days to examine said merchandise and in its sole discretion determine whether to deny renewal of this License Agreement in relation to any or all of said proposed items;
- c. Should FRATERNITY elect not to renew this License Agreement in relation to any of the

proposed merchandise, it will provide LICENSEE with written notice of such, along with specification of which items of the proposed merchandise are not approved for the renewal year.

11. DEFAULT: FRATERNITY shall have the right to terminate this License Agreement prior to the duration thereof pursuant to the following conditions:

a. FRATERNITY has the right to immediately terminate this License Agreement through written notice to LICENSEE upon the occurrence of any of the following situations:

1. Willful and material falsification of any records required to be maintained or reports required to be provided by the LICENSEE to FRATERNITY;
2. Willful and material deception of customers in relation to the production, marketing or other distribution of products containing FRATERNITY insignia;
3. Failure of the LICENSEE to maintain liability insurance in compliance with paragraph 8 of this License Agreement.

b. FRATERNITY has the right to terminate this License Agreement upon thirty (30) days written notice to the LICENSEE specifying the details of the grounds for termination and advising that unless the LICENSEE immediately proceeds to cure and does cure the default(s) within said thirty (30) days, the License Agreement can be terminated in any of the following situations:

1. Delinquency in payment of any sums owing to FRATERNITY;
2. Inability to conduct the licensed business such as through insolvency, attachment of assets, liquidation, receivership or some other order of a court, administrative agency or other governmental official or body;
3. Misuse or unauthorized use of the insignia of FRATERNITY or any other conduct which in the judgment of FRATERNITY is detrimental to the goodwill of FRATERNITY or otherwise injurious to the best interest of FRATERNITY licensing program;
4. Failure to comply with any other obligation imposed on the LICENSEE by or through this License Agreement.

12. OBLIGATIONS UPON TERMINATION: The continuing obligations of the LICENSEE after termination or expiration of this License Agreement are as follows:

1. To pay any sums then or subsequently owing to FRATERNITY;
2. To cease any production, use, marketing or distribution of any merchandise bearing the insignia of FRATERNITY and LICENSEE shall cease holding itself out as being a LICENSEE of, or otherwise affiliated with, FRATERNITY and the LICENSEE shall not advertise or otherwise publicize the former affiliation with FRATERNITY;
3. FRATERNITY, in its sole discretion, has the option to purchase from LICENSEE any portion of the supplies or materials remaining on hand containing any of the insignia of FRATERNITY which items shall be provided to FRATERNITY at cost; and
4. LICENSEE shall destroy any other items on hand bearing FRATERNITY insignia or otherwise remove such insignia from any merchandise, equipment, fixtures and structures as to any items remaining on hand bearing the insignia of FRATERNITY/ which FRATERNITY does not wish to purchase pursuant to

subsection above.

13. NO WAIVER: The failure of either party to exercise any power or right under this License Agreement or to insist at any time upon the strict compliance with any of the provisions hereof shall not constitute a waiver of said party's right to thereafter demand exact compliance with the terms hereof. A waiver shall only be effective if it is contained in a writing signed by the party against whom the waiver is claimed and shall not preclude that party from declaring default as to any further continuation or occurrence of that or any other grounds to declare default of this License Agreement. 14. NO AGENCY: LICENSEE acknowledges that this License Agreement does not in any way establish LICENSEE as an agent or employee of FRATERNITY. LICENSEE acknowledges that it is entering into this agreement solely to become a LICENSEE of FRATERNITY with no right or authority to assume or create any obligation on behalf of FRATERNITY. 15. INDEMNIFICATION: Should FRATERNITY receive any claim or otherwise incur any liability relating to any loss as a result of any claim relating to any alleged actions or omissions of LICENSEE, FRATERNITY shall be indemnified and held harmless by the LICENSEE from any such claim or loss including any costs and reasonable attorneys' fees incurred by FRATERNITY to defend against same. 16. INVALIDITY OF TERMS: Any provision of this Agreement prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions of this Agreement. 17. NOTICES: Any notices required to be given pursuant to this License Agreement should be addressed as follows:

LI Execut  
CE ive Dir  
NSector  
ORAlpha  
: Phi Int  
ernati  
onal Fr  
aternit  
y, Inc.  
1930  
Sherm  
an Ave  
nue  
Evanst  
on, IL  
60201  
4015

Bill  
Walsh  
Vedde  
r,  
Price,  
Kaufm  
an & K  
ammh  
oltz  
222  
North  
Lasalle  
Street  
Chicag  
o,  
Illinois  
60601  
LI Affinit  
C y  
E Test  
N Vend  
SEor 4  
E: 28 W  
27th  
Spok  
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Washi  
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9922  
4  
18.

BREACH OF CONTRACT: Should LICENSEE materially breach any provision of this License Agreement, it shall be required to pay any reasonable attorneys' fees, as well as any litigation or other expenses resulting there from incurred by FRATERNITY. 19. BINDING EFFECT: This License Agreement is not assignable by either party and shall be binding upon any employees, agents, heirs, executors, administrators, assigns, or successor in interest of any of the parties. 20. ENTIRE AGREEMENT: This

License Agreement contains the entire understanding and agreement between the parties, and any statements, promises, or inducements made by either party, or agent of either party, that is not contained in this License Agreement shall not be valid or binding, nor may this License Agreement be enlarged, modified, or altered, except in writing signed by the parties. 21. CHOICE OF LAW: This License Agreement shall be interpreted and applied according to the laws of the State of Illinois. IN WITNESS WHEREOF, the parties have executed this License Agreement this day and year first above written. FRATERNITY: Alpha Phi International Fraternity, Inc.

Signature

Title

Date LICENSEE:  
Affinity Test Vendor 4

Signature  
Michael Connelley

Title  
President and Founder

Date  
5 - 15 - 2013  
Agreement No. A130544111

## **Appendix A**

General Product description: T-shirts, Sweatshirts, Hats, Ties



## **Appendix B**

Agreement No. A130544111

Appendix C

Affinity Consultants CLIENT PRODUCTS AND SERVICES POLICY Products and services containing images of Greek organizations help to define the public perception of each individual Greek organization. Since the Greek organizations aligned with Affinity Consultants are proud of values that help define their intellectual property, they wish to protect their marks and control the manner in which their marks are used by product manufacturers and service providers. All vendors are required to abide by the following quality control rules: The following rules will apply to any licensed product or service utilizing Greek marks, specifically but not limited to the following categories of products:

- \*apparel (shirts, shorts, jackets, etc.)
- \*press releases
- \*banners
- \*flyers
- \*glassware
- \*manuals
- \*party favors (cups, frames, key chains, etc.)
- \*publications
- \*posters
- \*computer web pages
- \*newspaper articles & advertisements

- There may not be:
- any depiction of alcohol, alcoholic beverage use, kegs, beer cans, alcohol bottles, beer bong, or brand names;
  - any depiction of drugs, drug use, drug slogans or slang words, or drug paraphernalia;
  - any depiction in a demeaning way, of minorities, ethnicities, or cultural segments;
  - any religious depictions in a demeaning way;
  - any depictions of men or women in a demeaning way;
  - any depictions relating to sex, sexual paraphernalia, or sexual orientation;
  - any use of profanity;
  - or any use of licensed or copyrighted characters, phrases, logos, or materials without permission from the property owner.

Approval for all products

and services will be coordinated by Affinity Consultants and granted in compliance with the license agreement prior to production of said product or service. If you are unsure about an image or slogan, contact [designs@greeklicensing.com](mailto:designs@greeklicensing.com) for approval.