

## RETAIL DISTRIBUTION AGREEMENT

On behalf of Charisma Brands ("Charisma"), we thank you for your order. Below, please find our company's policies with regard to wholesale sales. If you have any questions, please call our Director of Retail Sales at 1-800-779-5335.

This Retail Distribution Agreement (the "Agreement") is entered into by and between Charisma and the undersigned party. This Agreement shall not be effective unless and until it is executed and returned by the undersigned party to Charisma, and it has been accepted and signed by Charisma.

1. **MINIMUM ORDER REQUIREMENT.** Your initial opening order (inclusive of all Charisma brands) must total at least \$500.00.

2. **FREIGHT.** Charisma products ("Products") are shipped F.O.B. Lake Forest, California. All charges for shipping, handling, freight duties, taxes, tariffs and insurance will be paid by you. Shipping service will be by the most inexpensive method available, unless you direct us otherwise.

3. **BACKORDERS.** Back orders will be shipped when available, unless you specifically cancel them by delivering written notice of cancellation to Charisma prior to shipment.

4. **RETAIL STORE LOCATIONS.** In order to protect the value of our products and brands, Charisma requires that each of its distributors operate out of a retail store location. BY YOUR SIGNATURE HERETO, YOU REPRESENT AND WARRANT TO CHARISMA THAT EACH ADDRESS WRITTEN BELOW IS YOUR RETAIL STORE LOCATION, EACH SUCH LOCATION IS A RETAIL STORE LOCATION, YOU WILL BE RESELLING THE CHARISMA PRODUCTS ONLY FROM SUCH LOCATION(S), AND ATTACHED TO THIS AGREEMENT IS A TRUE, CORRECT AND ACCURATE PICTURE OF EACH SUCH RETAIL STORE LOCATION, INCLUDING THE STOREFRONT THEREOF.

5. **CONDUCT OF BUSINESS.** By executing this Agreement, you acknowledge that the Products are high quality, premium branded products which principally are sold to collectors who purchase the Products expecting that Charisma will continue to maintain the high quality standards and image associated with the Products. You agree, to use your best efforts to promote, market, distribute and sell the Products and to enhance the reputation of, and goodwill associated with, the Products. Further, you agree to conduct your business and affairs with integrity and in an ethical, fair and honest manner which reflects favorably on the Products and the high quality image associated therewith and consistent with the provisions of this Agreement and all applicable laws which may in any way relate to the sale and distribution of the Products.

6. **DAMAGES.** Title for Products which you order shall pass to you and all risk of loss or damage shall pass to you, upon delivery by Charisma of such Products to the carrier or to you, whichever occurs first. You are responsible for any in-transit damage to or loss of Products. You must file all such claims with the shipping carrier. It is your responsibility to save all original cartons and packing materials.

7. **CLAIMS.** Factory defective Products may be returned to Charisma for credit. ALL SUCH CLAIMS MUST BE MADE WITHIN THIRTY (30) CALENDAR DAYS FROM YOUR RECEIPT OF THE PRODUCTS. Returns require a "Return Authorization Number" (RA#) issued by our Customer Service Department. You must print this RA# on the outside of all cartons and on the packing slip of shipment, otherwise shipment will be refused. NO UNAUTHORIZED RETURNS WILL BE ACCEPTED. Returns must be shipped via the most inexpensive means available. All returned merchandise must be packed in its original carton and packing material and must be received in the same condition as it was shipped. If not, it will be subject to a 15% restocking fee.

8. **NO OTHER WARRANTIES.** EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, CHARISMA MAKES NO OTHER WARRANTIES AND HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE PRODUCTS, INCLUDING ALL WARRANTIES OF

MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

9. **PAYMENT.** Unless and until you have established credit terms with Charisma pursuant to Paragraph 10 herein, all sums due to Charisma shall be due and payable prior to delivery of the Products to you. Acceptable forms of payment include money orders, major credit cards, check and COD. If you have submitted a Charisma Credit Application, please use one of the aforementioned forms of pre-payment until credit terms have been established.

10. **CREDIT TERMS.** If credit terms are desired, a SIGNED Charisma Credit Application is required. All credit applications must include three (3) trade and one (1) bank reference. You are required to provide the full bank address and account numbers. Additionally, company ownership information must be provided along with photos of your retail store location(s) (see Paragraph 4). CALIFORNIA RETAILERS ONLY: Resale License is required. If your Charisma Credit Application is approved by Charisma, you agree to pay all invoices within thirty (30) days of the date of invoice. You understand and agree that no cash discounts will be given for early payment of invoices. A service charge equal to 1.5% per month or the maximum amount permitted by law shall be assessed on each invoice remaining unpaid thirty (30) days after its due date, and you will pay to Charisma all costs and expenses, including attorney's fees, incurred by Charisma in connection with the collection of any delinquent amounts.

11. **PRICING.** Prices are subject to change without notice and shall be confirmed at the time of each order. Prices do not include any taxes or duties that may be applicable to the Products, nor shipping and insurance.

12. **TERMINATION.** This Agreement shall remain in full force and effect until terminated pursuant to this paragraph. This Agreement is terminable at will by either party, for any reason, and termination shall be effective immediately upon delivery of written notice to the other party.

13. **PRODUCT NOTES.** Colors may vary from photos or catalog pictures. Fabrics may vary slightly, but quality will always remain consistent. OUR COLLECTIBLE DOLLS ARE NOT INTENDED FOR USE BY CHILDREN UNDER THE AGE OF 6 YEARS OLD. OUR COLLECTIBLE DOLLS ARE NOT TOYS.

14. **ARTIST SIGNINGS.** You may qualify for an "artist signing" by complying with the criteria set forth by each Charisma division. For example, you must meet certain minimum yearly order thresholds per division to qualify for an "artist signing." Further detailed information will be provided upon request.

15. **LIMITED LICENSE GRANT/TITLE.** Subject to the terms and conditions set forth herein, Charisma grants you a nonexclusive, nontransferable license to distribute, market, promote, support, maintain and demonstrate the Products, including use of Charisma's copyrights, trademarks, patents, trade names and proprietary rights in or related to the Products (the "Intellectual Property"). You agree to comply with all guidelines that Charisma may set related to your use of the Intellectual Property. Charisma has the right to review and approve, at its discretion, any use of the Intellectual Property and any presentation of the Products. Charisma has the right to prohibit the use of the Intellectual Property in any manner. You agree to report to Charisma immediately, in writing, any acts of infringement of the Intellectual Property of which you learn. You agree to discontinue use of the Intellectual Property immediately upon termination of this Agreement,

upon breach of any term of this Agreement or upon initiation of litigation related to this Agreement. Except for the rights and licenses granted to you herein, Charisma and/or its licensors shall retain all right, title and interest in the Products including all rights under or to the Intellectual Property.

16. **COPYRIGHT NOTICE.** IT IS THE POLICY OF CHARISMA TO PROTECT ITS DESIGNS, INTELLECTUAL PROPERTY AND LICENSES BY ALL LEGAL MEANS. CHARISMA MAY TAKE ACTION AGAINST INFRINGEMENT TO PROTECT ITS INTERESTS TO THE FULLEST EXTENT OF THE LAWS.

17. **LIMITATION OF LIABILITY.** Charisma's liability on any claim of any kind, including negligence and breach of warranty, for any loss or damage resulting from, arising out of, or connected with this Agreement, or from the performance or breach thereof, or from the manufacture, sale, delivery, resale, repair, or use of any Product covered by or furnished under this Agreement, shall in no case exceed the price allocable to the Product or part thereof which gives rise to the claim. All claims must be made within thirty (30) calendar days following receipt of goods. CHARISMA SHALL NOT BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

18. **RELATIONSHIP OF PARTIES.** You are acting pursuant to this Agreement only as an independent contractor. Nothing in this Agreement shall be construed so as to create the relationship of principal and agent between you and Charisma. Neither party shall act or represent itself, directly or by implication, as an agent of the other party or its affiliates or in any manner assume or create any obligation on behalf of, or in the name of, the other party or its affiliates.

19. **NOTICES.** Whenever one party is required or permitted to give notice to the other pursuant to this Agreement, such notice shall be deemed given when delivered by hand, by facsimile (with confirmation of transmission), by overnight courier delivery service, or three (3) days following mailing, by registered or certified mail, postage prepaid, and addressed as follows:

Charisma Brands  
23482 Peralta Drive, Ste. A  
Laguna Hills, CA 92653  
Facsimile: 949-588-8847  
Attention: Director of Retail Sales

If to you, as set forth below.

Either party may from time to time change its address for notification purposes by giving the other party written notice of the new address and the date upon which it will become effective.

20. **SEVERABILITY.** In the event that any provision(s) contained in this Agreement is held to be unenforceable, this Agreement shall be construed without such provision(s).

21. **WAIVER.** No change, waiver, or discharge hereof shall be valid unless presented in writing to both parties and signed by an authorized representative of the party against which such change, waiver, or discharge is sought to be enforced.

22. **SURVIVAL OF TERMS.** Termination or expiry of this Agreement for any reason shall not release either party from any liabilities or obligations under this Agreement which (i) the parties have expressly agreed shall survive any such termination or expiry, or (ii) remain to be performed or by their nature would be intended to be applicable following any such termination or expiry.

23. **NONEXCLUSIVE MARKET AND PURCHASE RIGHTS.** It is expressly understood and agreed that this Agreement does not grant you an exclusive right to purchase or sell the Products and shall not prevent either party from developing or acquiring other manufacturers or customers.

24. **ENTIRE AGREEMENT.** This Agreement constitutes the entire and exclusive statement of agreement between the

parties with respect to its subject matters and there are no oral or written representations, understandings or agreements relating to this Agreement which are not fully expressed herein.

25. **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. The parties hereto consent and agree that exclusive jurisdiction for the resolution of any dispute between them in respect of this Agreement shall reside in any federal or state court sitting in Orange County, California. Service in any action to enforce rights created by this Agreement may be effected on counsel-of-record for any party to this Agreement. The prevailing party in any action to enforce this Agreement shall be entitled to recover its costs and expenses, including, without limitation, reasonable attorneys' fees.

**I have read and agree to the above terms and conditions set forth by Charisma Brands regarding retail dealership status.**

Company Name: \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Retail Store Location (Please attach an additional page to list additional retail store locations):**

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Facsimile: \_\_\_\_\_

**ACCEPTED:**

**CHARISMA BRANDS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PERSONAL GUARANTY**

The undersigned \_\_\_\_\_ (the "Guarantor"),  
the \_\_\_\_\_ of \_\_\_\_\_ (the  
"Company"), in order to induce Charisma Brands to enter into  
the Retail Distribution Agreement with the Company, hereby  
unconditionally, irrevocably, and personally guarantees to  
Charisma, its successors or assignees, the full and prompt  
payment of any amounts due from the Company pursuant to  
the Retail Distribution Agreement.

This Guaranty will not be affected by any modification,  
extension, or renewal of any agreement between Charisma and  
the Company, the taking of a note or other obligation from the  
Company, the taking of security for payment, the granting of  
an extension of time for payment, the filing by or against the  
Company of bankruptcy, insolvency, reorganization, or other  
debtor relief afforded the Company under the Federal  
Bankruptcy Act or any other state or federal statute or by the  
decision of any court, or any other matter; and the terms of  
Guaranty will cover the terms and obligations of any  
modifications, notes, security agreements, extensions, or  
renewals.

This Guaranty will remain in full force and effect until all  
obligations arising out of and under the Retail Distribution  
Agreement, including all renewals or extensions, are fully paid  
and satisfied.

IN WITNESS WHEREOF, the undersigned signed this  
Guaranty on \_\_\_\_\_, 2003.

\_\_\_\_\_  
Signature of Guarantor

\_\_\_\_\_  
Print Name