



SERVICE AGREEMENT

This Master Services Agreement ("Agreement") is hereby entered into by and between Frasco, Inc., a California corporation ("Frasco, Inc."), and the entity indicated on the last page of this Master Services Agreement ("Client").

Whereas, Frasco, Inc. has access to consumer information, including information from one or more consumer credit reporting agencies, public records and other consumer information; and **Whereas**, Client has a need for consumer information, in connection with the evaluation of individuals for employment, promotion, reassignment or retention as an employee ("Employment Purposes") and wishes to have Frasco, Inc. prepare Frasco® Profiles reports containing information regarding such individuals, as set forth herein ("Consumer Report"); and **Whereas**, Frasco, Inc. wishes to supply such Consumer Reports under the terms and conditions set forth herein; and **Whereas**, Frasco, Inc. and Client agree to comply with all applicable state and federal laws regarding the provision and use of consumer information for Employment Purposes including, but not limited to, the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §1681 et seq.

Therefore, in consideration of the terms and conditions set forth herein, the parties agree as follows:

1. Services Provided:

Frasco, Inc. agrees to provide consumer information to Client upon request, for Employment Purposes only. Frasco, Inc. may provide the following types of information to Client: credit information, motor vehicle records and driver's license information, criminal records, civil court records, worker compensation records, social security verifications, education records, military records, employment verifications and references, various governmental and non-governmental database information, and other information related to the consumer's character, general reputation, personal characteristics and mode of living.

2. Confidentiality:

Except as otherwise required by law, Frasco, Inc., will use its best efforts to maintain the confidentiality of Client's screening requests, and will not divulge the information obtained on Client's behalf, nor the contents of any report prepared on Client's behalf, to any person other than the Client and the subject of the Consumer Report.

3. Billing:

Frasco, Inc. will invoice Client monthly for all services performed and any additional fees related thereto. Invoices are due upon receipt. Any payment not received by Frasco, Inc. within thirty (30) days of invoice date will be deemed past due. A service and interest charge of 1.5% will be added to all invoices on the thirty-first day following the invoice date, and each thirty days thereafter. Frasco, Inc. reserves the right to suspend services due to any non-payment. Client acknowledges that if formal collection efforts are required by Frasco, Inc. to collect unpaid balances from Client, Client will pay reasonable attorney's fees and other costs related to such collection efforts.

4. Term:

The initial term of this Agreement is twelve (12) months commencing on the date this signed Agreement is received by Frasco, Inc. This Agreement will automatically renew for additional twelve (12) month terms unless otherwise terminated as provided for in Paragraph 5 of this Agreement. This Agreement is an exclusive agreement and Client hereby agrees to use Frasco, Inc. as its sole source for Consumer Reports for Employment Purposes during the term of this Agreement.

5. Termination

Either party may cancel this Agreement immediately at any time with cause for any violation of the terms of this Agreement upon written notice to the other party. Either party may terminate this Agreement without cause at the end of any Agreement term, including any renewals to this Agreement, by providing the other party sixty (60) days written notice of the intent to terminate this Agreement and the effective date of



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such termination. Upon any termination by Client, Frasco, Inc. may, at its sole discretion, complete any or all services requested as of the time of such termination or, may notify Client that Frasco, Inc. will not complete such services. Client agrees to pay for all services requested by Client prior to termination of this Agreement, actually completed by Frasco, Inc. Client recognizes and agrees that violation of this Agreement by Client or any of its End Users, including misuse of information obtained pursuant to this Agreement, or violation of any law or regulation, may be cause for immediate termination of this Agreement and may result in cessation of services hereunder at the sole discretion of Frasco, Inc. Frasco, Inc. may, at its sole discretion, discontinue serving Client and cancel this Agreement immediately with just cause, such as a legal or contractual requirement, or a material change in the existing legal requirements that adversely affects this Agreement.

6. Cancellation:

Should Client require cancellation of a particular Consumer Report after sending a Consumer Report request but before receiving the Consumer Report, Client agrees to pay for all services in process at time of request to cancel.

7. Notice:

Any notice provided to the parties to this Agreement will be sent to the following:

TO CLIENT:

ATTN: _____

TO FRASCO, INC.:

ATTN: Noelle K. Harling, Vice President
CLIENT ACCOUNT TERMINATION
NOTICE
Frasco, Inc./Frasco Profiles
215 W. Alameda Ave
Burbank, CA 91502

8. No Warranty:

Frasco, Inc. agrees to act in good faith to furnish Client with information that is deemed reliable based upon information that is available to Frasco, Inc. at the time of the request. Client acknowledges and agrees that the information provided by Frasco, Inc. comes from fallible sources and that, consequently, Frasco, Inc. does not guarantee the truthfulness, accuracy, timeliness or completeness of information reported from information sources, and does not guarantee that all information sought by Client can or will be obtained. Client agrees that Frasco, Inc.'s sole obligation and Client's exclusive remedy for any nonconformity in the services provided to Client will be, at Frasco, Inc.'s sole discretion, re-performance of the allegedly nonconforming service or crediting Client's account for any amounts paid by Client for the allegedly nonconforming service. **Client agrees that Frasco, Inc. will not be liable to Client for lost profits, business goodwill, or any direct or indirect, special, consequential or other damages arising out of or in any way connected with Frasco, Inc.'s performance of services under this Agreement, except in cases of willful misconduct or gross negligence by Frasco, Inc.** Client hereby releases Frasco, Inc., and its officers, agents and employees for any action or omission, including without limitation any negligence, in connection with the preparation of any Consumer Report on behalf of Client, and from any liability, cost, or expense suffered by Client, directly or indirectly, as a result of such report. Client acknowledges and agrees that neither Frasco, Inc. nor any of its officers, agents or employees is acting in any way as legal counsel and no legal representation, counsel or opinion has been or will be made in any fashion whatsoever. All areas of legal concern should be reviewed by Client's own legal counsel prior to any action being taken.

9. Indemnification:

Client agrees that Client will be solely responsible for any action or omission, employment-related or otherwise, taken by Client or its officers, agents or employees based upon Consumer Reports or information provided by Frasco, Inc. Client agrees that Frasco, Inc. will have no liability to Client's applicants, employees,



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customers or vendors or other persons coming into contact with Client's employees or the subject of any services provided to Client by Frasco, Inc. under this Agreement. Client agrees that Client will defend, indemnify and hold Frasco, Inc. harmless from all claims, demands, liability, causes of action, judgments, costs and attorney's fees arising out of Client's use of Frasco, Inc.'s services except as otherwise provided in Paragraph 5 of this Agreement.

10. Client Compliance Certifications:

10.1 Client certifies that Client will use any Consumer Report obtained pursuant to this Agreement solely for Employment Purposes, as defined by the federal Fair Credit Reporting Act ("FCRA"), and only for a one-time use.

10.2 Client certifies that the nature of its business is accurately and fully disclosed in the "Service Application" provided herewith and expressly incorporated herein by reference.

10.3 Client certifies that all persons authorized by Client to obtain Consumer Reports on behalf of Client will be informed of their obligations under this Agreement.

10.4 Client certifies that it will restrict access to information contained in any Consumer Report to those employees and agents with a legitimate business reason to receive such information. Client's employees will be forbidden to attempt to obtain reports on themselves, associates, or any other person except in the exercise of their official duties.

10.5 Client certifies that it will comply with any and all of the applicable requirements of the federal Fair Credit Reporting Act ("FCRA"), the California Investigative Consumer Reporting Agencies Act ("ICRAA"), regulations relating thereto, and any other applicable state FCRA equivalent laws and regulations; and

10.6 Client certifies that Client will not request a Consumer Report unless:

10.6.1 A clear and conspicuous disclosure is first made in writing to the consumer before the Consumer Report is obtained, in a separate and stand alone document that a Consumer Report may be obtained for Employment Purposes.

10.6.2. The consumer has authorized, in writing, the procurement of the Consumer Report. Client agrees to use the authorization form provided by Frasco, Inc., or provide Frasco, Inc. with the form used by Client. Client agrees to provide Frasco, Inc. with a copy of any signed consumer authorization within five (5) days of request and agrees to maintain copies of all consumer authorizations for a minimum of seven (7) years from the date of the Consumer Report to which it relates.

10.7 If the Consumer Report requested is an Investigative Consumer Report, as defined by the FCRA, Client will:

10.7.1 Within three (3) days after the date the Investigative Consumer Report is requested, clearly and accurately disclose to the consumer in writing that an Investigative Consumer Report including information as to his character, general reputation, personal characteristics and mode of living, whichever are applicable, may be made, and that, the consumer has a right to request a disclosure of the nature and scope of such a report and a copy of the Federal Trade Commission's publication entitled: "A Summary of Your Rights Under the Fair Credit Reporting Act."

10.7.2 Within five (5) days of a written request by the consumer, provide to the consumer a complete and accurate written disclosure regarding the nature and scope of the Investigative Consumer Report.

10.8 Client certifies that before taking adverse action regarding the consumer's current or prospective employment based, in whole or in part, upon information contained in the Consumer Report, Client will provide the consumer with or will request that Frasco, Inc. provide the consumer with:

10.8.1 Notice that Client intends to take adverse action based upon the contents of the Consumer Report.

10.8.2 A copy of the Consumer Report.

10.8.3 A copy of the Federal Trade Commission's publication entitled: "A Summary of Your Rights Under the Fair Credit reporting Act."

10.8.4 Reasonable time to dispute any information contained in the Consumer Report prior to taking adverse action.

10.9 Client certifies the following: Upon taking any adverse action, Client will:

10.9.1 Provide to the consumer a Notice of Adverse Action including the name, address and phone number of Frasco, Inc.

10.9.2 A statement that Frasco, Inc. did not make the decision to take the adverse action and is not able to give the consumer reasons for the adverse action, and

10.9.3 A notice of the individual's right to dispute the accuracy of any information contained in said report directly with Frasco, Inc.

10.9.4 A notice of the consumer's right to obtain an additional free copy of the Consumer Report upon request within 60 days of the Notice of Adverse Action.

10.10 To the extent Client seeks workers' compensation records, Client will not use such information for any impermissible purpose, including without limitation, in any manner contrary to the provisions of the federal Americans with Disabilities Act or any other federal or state law.

10.11 Client will not seek a Consumer Report containing medical information about the consumer unless the consumer specifically consents in writing to the furnishing of the report containing medical information.

10.12 Client certifies that Client will not seek or use information obtained through Frasco, Inc. for any purpose prohibited by state or federal law, including without limitation any federal or state equal employment opportunity law or regulation, and that Client will comply with the terms of the American's with Disabilities Act ("ADA"), Drivers Privacy Protection Act ("DPPA") and any other applicable federal and state law or regulation.

10.13 Client certifies that Client will hold the information obtained through Frasco, Inc. in strictest confidence, and will not disclose, sell or disseminate such information to third parties not directly involved in the employment decision, or otherwise use such information in a manner that is inconsistent with the representations contained herein.

10.14 Client will immediately notify Frasco, Inc. of any of the following types of account changes: company name, location, ownership, end user status, nature of business and permissible purpose/intended use of information provided by Frasco, Inc.

11. California Requirements:

Pursuant to the terms of the California Investigative Consumer Reporting Agencies Act, as amended, California Civil Code §1786 et seq. ("ICRAA"), if Client requests an Investigative Consumer Report regarding a California resident, or for use within the State of California, Client agrees to the following additional terms:

11.1 Client certifies that the information contained in any Investigative Consumer Report will be used solely for Employment Purposes, as defined by the ICRAA.

11.2 Unless the Investigative Consumer Report is sought based upon a suspicion of wrongdoing or for criminal activity likely to result in a loss to the employer, Client certifies that prior to requesting any Investigative Consumer Report, Client will notify the consumer in writing that an Investigative Consumer Report regarding the consumer's character, general reputation, personal characteristics, or mode of living will be procured. This notification will disclose the full nature and scope of the Investigative Consumer Report requested and will include Frasco, Inc.'s name and address, and a summary of the provisions of California Civil Code Section 1786.22.

11.3 Client certifies that the consumer authorization provided to the consumer will contain a checkbox for the consumer to mark to indicate the consumer would like a free copy of any Investigative Consumer Report obtained by Client.

11.4 Client certifies that if the consumer marks the checkbox on the consumer authorization, or otherwise indicates that the consumer would like a copy of their Investigative Consumer Report, Client will forward such copy to the consumer within three (3) days, or will designate Frasco to do so at Client's expense.

11.5 Client will not seek or use information obtained through Frasco, Inc. for any purpose prohibited by California law or regulation.

12. Other State Requirements:

Client agrees to comply with all other state laws and regulations regarding the services encompassed by this Agreement. Client agrees that, upon submitting any request for information, Client will disclose the consumer's state of residence.

13. E-Services and Security Safeguards:

Client agrees that, upon request, Frasco, Inc. will grant access to services through the use of a secure Internet connection. In order to protect against unauthorized access to and improper use of consumer information, Client agrees that

13.1 On the "Service Application," Client will designate an Account Administrator who will be Client's primary point of contact for notifications, legal updates, and account management.



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13.2 Only persons who have been authorized in writing by the Account Administrator will have access to Frasco, Inc. issued usernames and passwords.

13.3 Client will protect Frasco, Inc. issued usernames and passwords from unauthorized use.

13.4 Client will obtain from Frasco, Inc. a unique individual username and password for each individual End-User of the Frasco, Inc. online ordering and retrieval system. Each End-User will maintain his or her own unique username and password and Client will not permit the use of any corporate or shared usernames and passwords. End-Users will be required to change their passwords every ninety (90) days for security purposes.

13.5 Client will promptly notify Frasco, Inc. of any change in employment status or other reason to restrict access to any End-User.

13.6 Client will not permit any Client End-User to pre-install, electronically “remember,” or script any Frasco, Inc. issued usernames and passwords.

13.7 Client will notify Frasco, Inc. immediately if there has been any actual or suspected compromise or misuse of the usernames or passwords.

13.8 Client will be solely liable for any misuse of information by Client or its End-Users.

14. Arbitration:

With the exception of collection efforts subject to Paragraph 3 of this Agreement, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, which cannot be resolved through direct conciliation efforts or voluntary mediation, and which exceeds the jurisdiction limits of small claims court, will be resolved by final and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”) then existing. If the parties are unable to agree upon a neutral arbitrator, Frasco, Inc. will obtain a list of arbitrators from AAA, and the parties will take turns striking names from the list, with Client striking the first name.

Any request for arbitration must be made, in writing, and conveyed to the other party within one year from the date on which the services in question were provided. This limitations period applies separately to each claim, which either party may bring, and is not subject to tolling or exceptions, equitable or otherwise. The parties agree that the arbitrator will be bound by all applicable laws and will have jurisdiction to award all relief available in law or equity that are requested by the parties and supported by credible, relevant and admissible evidence. The arbitrator will be required to prepare a written decision, which may be reviewed by a court of competent jurisdiction for an abuse of discretion. The parties will each bear their respective costs for legal representation at any such arbitration.

Each party will have the opportunity to conduct such discovery as is necessary to properly prepare their case for arbitration. Discovery will initially be limited to the following: each party may take no more than two depositions, lasting no more than one day each; each party may propound no more than a single set of form interrogatories as approved by the Judicial Counsel; thirty five special interrogatories; thirty-five requests for admission (except regarding the authenticity of documents); and thirty-five requests for production of documents. The Arbitrator will have the power to permit additional discovery upon a showing of good cause by the party seeking such additional discovery.

Client agrees that only an arbitrator, not a judge or jury will decide the dispute. Any dispute raised by Client will be decided individually. Client will not bring or participate in any representative or class action against Frasco, Inc. Should a court of competent jurisdiction deem any claim to be beyond the scope of this

arbitration provision, that claim may be severed and all remaining claims will be subject to this Agreement. Said arbitration will take place in Los Angeles County, California, unless another location is mutually agreed upon by the parties.

15. Proprietary Rights and Confidentiality:

Client hereby acknowledges and agrees that Frasco, Inc.'s rates, prices, methods, means and processes for collecting, decoding, assembling, assessing and conveying its services constitute proprietary information. Client hereby agrees to exercise due and reasonable care in protecting Frasco, Inc.'s confidential information from unauthorized use or disclosure.

16. Entire Agreement:

The parties hereto agree that this Agreement, and the "Service Application," "Letter of Intent" and each "End User Agreement (Client Profile)," where required, including any future "End User Agreement (Client Profile)" provided to Frasco, Inc., constitute the entire Agreement of the parties regarding the subjects contained herein and supersede any prior agreements, whether written or oral. This Agreement may only be amended by a written agreement, signed by both parties.

17. Amendment:

This Agreement may be modified or amended only by a written agreement signed by all parties to this Agreement.

18. Counterparts:

This Agreement may be exercised in one or more counterparts. All such counterparts will constitute one Agreement.

19. Governing Law:

This Agreement will be governed by the laws of the State of California, including all choice of law rules.

20. Severability:

The unenforceability, invalidity or illegality of any provision hereof will not render the other provisions unenforceable, invalid, or illegal, and such illegal, invalid or unenforceable provision will be deemed severed herefrom and of no effect.

21. Interpretation:

This Amended Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against either of the Parties.

22. Successors:

This Agreement will inure to the benefit of and bind the heirs, personal representatives, successor, and assigns of the parties.

23. Section Headings:

The various Section headings are intended only for convenience of reference and will not affect the meaning or interpretation of this Agreement or any Section thereof.

24. No Waiver by Failure to Enforce:

Waiver of any term or provision of this Agreement or forbearance to enforce any term or provision by either party will not constitute a waiver as to any subsequent breach or failure of the same term or provision or a waiver of any other term or provision of this Agreement.

