

# LEASE AGREEMENT

**THIS LEASE AGREEMENT** (the “Lease”), is effective as of the \_\_\_\_\_, (the “Effective Date”) is made by and between the parties below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

-And-

01001010 Biometrics Inc. d/b/a Binary Biometrics  
2423 S Orange Ave  
Ste 311  
Orlando, FL 32806

\_\_\_\_\_ (collectively the “Lessee”). The Lessee, as defined by this agreement, is the individual signing the agreement, the relevant companies that consist of Lessee’s business under this agreement, and all agents, employees, subsidiaries, or related parties of Lessee.

**WHEREAS**, Lessor provides Lessee with the opportunity to operate a LiveScan fingerprint business; and

**WHEREAS**, Lessee desires to run a LiveScan fingerprint business as an independent operator using proprietary property of Lessor, including the use of a LiveScan machine and related equipment; and

**WHEREAS**, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor LiveScan fingerprint equipment under the terms of this agreement;

**NOW THEREFORE**, in consideration of the mutual covenants and promises contained herein, the parties enter this Lease subject to the following:

1. **Lease Agreement**. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the LiveScan fingerprint equipment, as further described in Exhibit A (“Equipment”). The Equipment is leased “As-Is”. Lessee, at its sole responsibility, should inspect the Equipment prior to leasing. During the term of this Lease, Lessor will provide Lessee with the appropriate training on a commercially reasonable basis for the LiveScan fingerprint business. Lessee may use its discretion in the variety and extent of services offered, however, Lessee must provide, at a minimum, a commercially appropriate standard of care

which is consistent with the standard of care offered by similarly situated Lessees as determined at the sole discretion of Lessor. Lessor makes no assurances as to the volume or consistency of LiveScan customers. Lessee may advertise and market for its business independently and under its own trade name including, but not limited to:

- a. Designing and publishing its own website; and
- b. Designing and publishing flyers, posters, and other distributed material; and
- c. Developing and implementing promotional campaigns and discount programs for its business involving the LiveScan service.

Lessor retains the right to cease any misleading or inappropriate marketing strategies which are implemented by Lessee.

**2. Term.** The term of this Lease shall begin on the Effective date and continue month-to-month, or until canceled by the parties pursuant to paragraph nine (9) of this agreement.

**3. Shipping.** Lessee shall be responsible for all shipping and other costs to transport the Equipment to Lessee's premises.

**4. Lease Payments, Fees and Deposit.**

(A) Lessee agrees to pay a one-time non-refundable fee of \$10,000, and then a monthly payment of \$550.00, plus taxes per LiveScan terminal, which will be drafted from the bank or credit card account on file on the 1st of each month. The first payment shall be paid on the date of delivery and pro-rated based on the date of delivery for the remaining month. After 36 payments, lessee may exercise its option to purchase the equipment for \$1 and/or continue to make payments under this lease for support from Binary Biometrics.

(B) Lessee agrees to pay all third-party processing fees involved with completing transactions. For example, Clearinghouse transactions currently incur a fee of one dollar per transaction from the software provider while the FBI and FDLE charge their filing fees of \$12 and \$24 respectively followed by an AHCA retention fee of \$24 making the Lessee's total cost for an AHCA transaction a total of \$61. Such fees are subject to change from time to time and are billed directly from third parties, not Lessor.

(C) Lessee has the right to request additional LiveScan terminals, which will not be unreasonably withheld, providing that the Lessee pays additional monthly payments and fees as outlined in section 4(A) and 4(B) of this agreement.

(D) Lessee shall be obligated to pay a cancellation fee for early termination in the amount of \$500.00 per terminal; give thirty (30) days' advance written notice of termination, the monthly lease payment for the month in which the termination, and return the equipment in good, working condition within thirty-five (35) days from cancelation notice.

**5. Compliance with Laws, Regulations and Company Policies.** Lessee shall use the equipment in accordance with the manufacturer's specifications and industry appropriate standards as well as

comply with all federal, state, municipal, police and other laws, ordinances and regulations that in any way relate to all transactions incorporated within this agreement.

Additionally, Lessee agrees to comply with all applicable Lessor policies, including, but not limited to the Data Collection and Privacy Policies. The current Data Collection and Privacy Policies is attached to this agreement as Addendum 2. Addendum 2 is fully incorporated into this agreement.

Lessee understands and agrees that Addendum 2, and all policies and procedures may be amended, updated, or improved from time to time. Lessee agrees to comply with all the appropriate policies and procedures of Lessor as may be amended from time to time. It is the responsibility of Lessee to be informed of the current policies and procedures of Lessor, regardless of when the change occurs.

**6. Right to Lease.** LESSOR WARRANTS THAT LESSOR HAS THE RIGHT TO LEASE THE EQUIPMENT, AS PROVIDED IN THIS LEASE. Lessee acknowledges that Lessor purchased the Equipment from a third party which maintains a Purchase Money Security Interest in the Equipment and that if Lessee defaults under the terms of this agreement, Lessor may assign all right, title and interest in and to the claims available arising from or in connection with the breach of this agreement to the third party mentioned above who will have to option to pursue said claims and causes of action against Lessee.

**7. Repairs.** All mechanical and technical issues with Equipment must be reported immediately to the Lessor. Lessor reserves the right to repair or replace any Equipment or parts of the Equipment's as needed to keep the Equipment in good working order. If the Equipment is to be taken out of service and replacement Equipment is not available, the Lessor will not refund any payments to the Lessee for the unused days. Lessor will not be responsible for any missed or lost revenue or sales while the Equipment is not available. Lessee must take all proper precautions to safe guard and maintain the Equipment.

**8. Loss and Damage.**

(A) Lessee hereby assumes and shall bear the entire risk of loss and damage to the Equipment from any and every cause whatsoever. No loss or damage to the Equipment or any part thereof shall impair any obligation of Lessee under this Lease which shall continue in full force and effect through the term of the Lease.

(B) In the event of loss or damage of any kind whatever to the Equipment, Lessee shall, at Lessor's option:(i) Place the same in good repair, condition and working order; (ii) Replace the same with like equipment in good repair, condition and working order; or (iii) Pay to Lessor the replacement cost of the Equipment within five (5) days after demand by Lessor.

**9. Termination.** Lessor reserves the right to terminate this Lease at any time, with or without notice, for any material breach of the Lease by Lessee. Lessee may terminate this Lease without cause with thirty (30) days written notice, and by paying a fee of \$500.00 per terminal. Notice shall be effective when received by the non-terminating party at their address of record. Any

payments or fees due under this lease shall continue through any notice period required by this section. Any payments made previously under this or any prior agreements are non-refundable.

**10. Surrender.** Upon the expiration or earlier termination of this Lease, Lessee shall return the Equipment to Lessor in good repair, condition and working order, ordinary wear and tear resulting from proper use thereof alone excepted, by delivering the Equipment at Lessee's cost and expense to such place as Lessor shall specify within the city or county in which the same was delivered to Lessee.

**11. Insurance and Bond.** Lessee shall maintain public liability and property damage insurance with limits as approved by Lessor in writing, naming Lessor as an additional insured and a loss payee. Lessee shall provide Lessor with an original policy or certificate evidencing such insurance upon request.

**12. Lessee's Obligations.** As part of the Lease, Lessee shall be obligated to comply with any applicable standard policies and procedures as established from time to time by Lessor at Lessor's sole discretion, including the following rules. The failure to follow any applicable policies or procedures shall be grounds for terminating this agreement:

- (A) Lessee must maintain the Equipment in good and working order.
- (B) Lessee must make the Equipment available for inspections by Lessor, governmental official or its designee.
- (C) Lessee must follow any and all rules of Lessor concerning the terms of this Lease and use of the Equipment.
- (D) Lessee shall not sublease or permit any liens or other third-party interests to attach to the Equipment.
- (E) Regardless of reason, Lessee agrees to return the Equipment to Lessor within fourteen (14) days' written notice.

**13. Indemnity and Release.** Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorney's fees and costs, arising out of, connected with, or resulting from Lessee's use of the Equipment and interaction with Lessee's clients including without limitation the manufacture, selection, delivery, possession, use, operation of business, or return of the Equipment.

**14. Default.** If Lessee fails to pay any lease payments within three (3) days after the same is due and payable, or if Lessee fails to observe, keep or perform any other provision of this Lease required to be observed, kept or performed by Lessee, Lessor or its assigns shall have the right to exercise any one or more of the following remedies:

- (A) To terminate the agreement and \$7,500.00 per terminal which will become immediately due and payable without notice or demand to Lessee.
- (B) To sue for and recover all rents, and other payments, then accrued or thereafter accruing.
- (C) To take possession of the Equipment, without demand or notice, wherever same may be located, without any court order or other process of law. Lessee hereby waives any and all

damages occasioned by such taking of possession. Lessor reserves the right to report the Equipment stolen if it is not returned and not at the designated location.

(D) To terminate this Lease.

(E) To pursue any other remedy at law or in equity.

Notwithstanding any repossession or any other action which Lessor or its assigns may take, Lessee shall be and remain liable for the full performance of all obligations on the part of the Lessee to be performed under this Lease. All of Lessor's remedies are cumulative, and may be exercised concurrently or separately.

**15. Lessee.** In performing the Lease, Lessee's status is only that of a lessee and not that of an independent contractor, employee, part-time employee, franchisee, joint venture, agent or co-venturer of Lessor. This Lease does not authorize Lessee to bind Lessor or to do business in the name of Lessor except to clarify its association with Lessor. Lessee acknowledges and agrees that Lessor does not, and will not, maintain or procure any workers' compensation insurance or unemployment insurance for or on behalf of Lessee.

Lessee shall be responsible for all costs, fees, and taxes related to its business, including paying any and all sales taxes to be paid as required by the State of Florida.

**16. Waivers.** No delay or omission in exercising any right under this Lease shall operate as a waiver of that or any other right. Any waiver of any part of this Lease shall not constitute a waiver of any other part, nor shall a waiver of any breach of this Lease, or any part of it, constitute a waiver of any subsequent breach.

**17. New Equipment or Service.** Any new equipment or service adopted by Lessor may be made available to Lessee at the price and scope as determined by Lessor. The option to add new services at the standard rates offered by Lessor to similarly situated Lessees, shall not be unreasonably denied.

**18. Non-Compete, Non-Disparagement, and Non-Disclosure.** During the term of this Lease and for a period of eighteen (18) months after termination of this agreement (regardless of reason of termination), Lessee shall not either directly or indirectly own, operate or be employed by a company that offers the same services as Lessor within a one-hundred-mile radius of any place of business the Lessee has operated. Additionally, Lessee agrees not to compete with Lessors in the County of Lessor's principal place of business. Competition is defined as any service which is or was provided within the scope of this agreement. The parties agree that violation of this clause by Lessee would cause irreparable harm to Lessor, which harm is difficult to measure. As such, in addition to any and all damages and injunctive relieve (including emergency injunctive relief) as available by law, Lessee shall pay \$25,000.00 as liquidated damages for a violation of this clause. The \$25,000.00 is not a penalty, but rather, the parties acknowledge that it is a fair estimate of the damages which would be caused as a result of a violation of this clause.

During the term of this Lease and for a period of eighteen months (18) after its termination, Lessee agrees not to disparage Lessor for any reason. Additionally, Lessee agrees to keep all terms of this agreement and all information related to the services provided under this agreement, strictly

confidential. Additionally, Lessee shall not discuss any "Confidential Information" disclosed to it by the Lessor to anyone or any entity. For the purposes of this Lease, Confidential Information shall mean any proprietary trade secrets, business plans, customer lists, operating manuals or business practices of the Lessor, including information provided by Lessor to Lessee to operate the business. The damages resulting from any violation of confidentiality or trade secrets as afore-defined are also difficult to measure and as such, Lessee agrees to pay liquidated damages of \$5,000.00 for each violation. Additionally, Lessor shall be entitled to all other damages and remedies available by law, including injunctive or declaratory relief.

**19. Ownership.** For purposes of this agreement, the Equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor; and the Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease.

**20. No Guarantee, Representation or Warranty.** Lessor cannot and does not make any guarantee, representations or warranty of any kind that Lessee will make any revenues or profits in the operation of a LiveScan fingerprint business. The amount of revenues or profits, if any, are highly dependent on the Lessee and the amount of time, effort and money that Lessee invests into operating their LiveScan fingerprint business. It is possible that even after a significant investment of time, effort, and money that Lessee will not have revenues and may lose money. Lessee acknowledges and agrees that there are risks in operating a LiveScan fingerprint business and that Lessee may not have sales, may not make money, and may lose their investment in the LiveScan fingerprint business. Lessee represents that it has independently evaluated the market and business and agrees to take all risks associated with the operation of said business and shall not hold Lessor responsible in any way.

**20. Additional Documents.** If Lessor shall so request, Lessee shall execute and deliver to Lessor such documents as Lessor shall deem necessary or desirable for purposes of recording or filing to protect the interest of Lessor in the Equipment including, but not limited to a UCC financing statement.

**21. Entire Lease.** This instrument constitutes the entire agreement between the parties relating to the subject matter hereof and it shall not be amended, altered or changed except by a further writing signed by the parties hereto. If in conflict to any prior agreement or representation, this agreement controls.

**22. Jurisdiction.** The validity, interpretation and performance of this Lease and any dispute connected herewith shall be governed and construed in accordance with the laws of the State of Florida without regard to any choice-of-law principle that would dictate the application of the laws of another jurisdiction. Any action or proceeding in connection with any matter arising under or relating to any provision of this Lease shall be commenced only in a Court located in Brevard County in the State of Florida, and the parties each hereby irrevocably consents to the jurisdiction of such court with respect to any action, suit or proceeding commenced in such court.

**23. Notices.** Service of all notices under this Lease shall be sufficient if given personally or mailed certified, return receipt requested, postage prepaid, at the address set forth in the header of this Lease, or to such address as such party may provide in writing from time to time.

**24. Assignment.** Lessee shall not assign this Lease or its interest in the Equipment without the prior written consent of Lessor. Lessor may assign, at its own discretion without prior approval, this agreement to anyone or any entity.

**25. Headings.** Headings used in this Lease are provided for convenience only and shall not be used to construe meaning or intent.

**BINARY BIOMETRICS, LESSOR:**

\_\_\_\_\_  
Director, Binary Biometrics  
James Timothy White

**1b.com**

**LESSEE(s):**

\_\_\_\_\_  
Signature  
  
Title: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Signature  
  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**Fingerprint**