



## MASTER PARTICIPATION AGREEMENT

This Master Participation Agreement (the "Agreement") is entered into on \_\_\_\_\_ by and among LNS Group LLC, with its place of business at 11 S. Main Street, Suite 2, Marlboro, NJ 07746-1537 (the "Lead") and \_\_\_\_\_, with its place of business at \_\_\_\_\_ (the "Participant") and LNS Group LLC, with its place of business at 11 S. Main Street, Suite 2, Marlboro, NJ, 07746-1537 (the "Servicer").

### RECITALS

**WHEREAS**, the Lead may enter into a Merchant Agreement (as defined below) with one or more merchants pursuant to which Lead may purchase future credit card receivables and/or gross sales receipts from the merchant (the "**Purchases**"). From time to time, Lead may become assigned to a Merchant Agreement with one or more merchants pursuant to which a party other than the Lead has purchased future credit card receivables and/or gross sales receipts from the merchant. For the purposes of this Master Participation Agreement, the assignment of a Merchant Agreement to the Lead will be treated the same as when the Lead enters into a Merchant Agreement directly; and

**WHEREAS**, the Lead, at its sole discretion, may sell to Participant, and Participant may purchase, a participation in Lead's Purchases (a "**Participation**") as set forth in the offer prepared by the Servicer on behalf of the Lead and delivered to the Participant in the form of Exhibit A (the "**Offer**" or "**Offer To Sell**"), annexed hereto.

**WHEREAS**, the Servicer is responsible for originating and servicing all Purchases and Transactions in accordance with a separate agreement between the Servicer and Lead, as may be amended and modified from time to time.

**WHEREAS**, the Servicer is responsible for facilitating the Offers contemplated by this Agreement and making any payments to Participants as contemplated by this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed by and between the Lead and the Participant (collectively referred to as the "**Parties**") as follows:

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed as follows:

## **AGREEMENT**

**1. DEFINITIONS.** As used herein the following terms have the following meanings.

**"ACH"** - The electronic transfer of funds to or from designated bank accounts through an Automated Clearing House (ACH) method.

**"Add On Purchase"** - A secondary purchase of credit card receivables or gross sales receipts made by Lead in addition to the original Merchant Agreement, with specific rights for Participant.

**"Client"** - A Merchant who sells future credit card receivables or gross sales receipts to Lead pursuant to a specific Merchant Agreement.

**"Client Obligations"** - All obligations owing by Client to the Lead under Merchant Agreement(s).

**"Collateral"** - All collateral and guarantees received by or granted to Lead pursuant to a Merchant Agreement or otherwise securing a Client's Obligations.

**"Collections"** - Proceeds of Purchased Receivables received by the Lead, a portion of which may be passed on to the Participant pursuant to the Participant's Share of Collections.

**"Extraordinary Expenses"** - Attorneys' fees and disbursements, court costs and fees of any outside agency incurred subsequent to the Lead declaring a Transaction to be in Liquidation (as defined and set forth below), in connection with the enforcement of any of Lead's rights and remedies under a Merchant Agreement, or in defending a Transaction Related Claim.

**"Funding"** - The transfer of the proceeds of the purchase to the Merchant.

**"Liquidation Date"** - The date on which Lead declares the Transaction to be in Liquidation (as defined and set forth below)

**"Merchant Agreement"** - That certain Merchant Agreement described in the Recitals between the Lead and Client and related documents.

**"Participant's Investment"** - With respect to any Participation, the unpaid principal balance of Participants Percentage of the Purchase Price.

**"Participant's Share Of Collections"** - The Participant's pro-rata share of the Collections based upon Participant's Percentage.

**"Participation Amount"** - Represents the Participants Percentage of the Purchase Price PLUS any pro-rata share of Upfront Commission due to a Referral Partner where applicable as set forth in a fully executed Offer.

**"Participation Percentage"** - The percentage of entire contract offered to the Participant.

**"Purchase Price"** - The funded amount of a Merchant Agreement set forth in an Offer.

**"Purchased Receivables"** - Credit card receivables or gross sales receipts purchased by Lead from a Client as described in an Offer.

**"Residual Commission"** - The percentage of each Collection distributed to the Referral Partner as a commission according to the terms of the Referral Partners Agreement. Lead and Participant shall contribute its pro-rata portion of the collected Residual Commission to be distributed to the Referral Partner.

**"Referral Partner"** - The independent sales agent which submitted the Client to the Lead in return for collecting Upfront and Residual Commissions. The Referral Partner has entered into a separate Referral Partner Agreement with the Lead describing the Residual Commission for all Transactions.

**"Referral Partner Agreement"** - An agreement between an independent sales agent and the Lead which sets forth the Residual Commission for each Transaction.

**"Settlement Day"** - The business day following Lead's receipt of Collections or other payments on account of the Transaction.

**"Standard Of Care"** - Servicer will manage the Transaction (i) in accordance with the provisions in the Merchant Agreement as to matters described therein, and (ii) as to all other aspects of the Transaction, with the same degree of care that Servicer follows in similar transactions with its other clients.

**"Transaction"** - An accepted Offer, and related Merchant Agreement, Client Obligations, Collateral, and other sources of repayment thereof associated with the Offer

**"Transaction Expenses"** - All Lead's direct out-of-pocket expenses incurred in connection with the Transaction, including but not limited to the commissions due to any Referral Partner.

**"Transaction Related Claim"** - Any legal, regulatory or other type of action that is threatened, enacted or filed against the Lead due to its involvement in the specific Transaction.

**"Upfront Commission"** - The percentage of the Purchased Receivable which is paid by the Lead to the Referral Partner at the time of Funding as a commission according to the terms of the Referral Partners Agreement. Lead and Participant shall contribute their pro-rata portion of the Upfront Commission to be ADDED TO the Participation Amount prior to the date of Funding.

## **2. SALES OF PARTICIPATIONS.**

2.1. From time to time, Lead shall, at its own discretion, deliver the Offer through the Servicer to Participant, whereby Lead offers to sell to Participant an interest in Lead's purchase of future Purchased Receivables from a Client.

2.2. Participant shall indicate its acceptance or declination of the Offer to the Servicer within one (1) business day, or by such other time as indicated in the Offer, by signing or e-signing and returning the Offer to Lead via the Servicer.

2.3. Upon payment by Participant to Lead of the Participant's Percentage of the Purchase Price, plus any applicable Upfront Commissions, the Lead shall have sold to Participant, without recourse, and Participant shall have purchased from Lead, an undivided interest in the Transaction.

2.4. Lead shall grant to the Participant a right of first refusal for participation in future renewals and any Add-On Purchases for Merchant Agreements in which Participant has an existing Participation, unless Lead is not accepting any participations in such renewal or Add-On Purchase. Participant acknowledges and accepts that Add-On Purchases may result in a dilution of Participant's Share of Collections from a given Client.

2.5. The relationship between the Parties is and shall be that of seller and purchaser. This is a non-exclusive agreement such that either party may enter into similar agreements with third party, provided that no party shall interfere or permit a third party to interfere in any Transaction.

2.6. Participant shall bear all risk of loss with respect to this Agreement, including but not limited to the Participation, the Transaction(s) and the Merchant Agreement(s), without recourse to Lead and Lead shall have no obligation to reacquire Participant's Participation or Participant's Investments. The Servicer shall exercise the Standard of Care with respect to the Participation. Participant understands that the Servicer is fully responsible for managing and servicing the Transactions and the Merchant Agreements, including any Participation in the Transactions and Merchants Agreements by Participant or payments related thereto. Except as set forth herein, the Lead owes no duty of any kind to Participant; provided nothing herein shall be interpreted to allow Lead to prohibit any payments due to Participant in accordance with this Agreement unless otherwise required by law.

2.7. If Lead is required at any time to return pursuant to any bankruptcy, insolvency, liquidation or reorganization law, court order, or otherwise, any portion of the payments made in connection with Merchant Agreement(s), Participant shall, on demand of Lead or the Servicer, forthwith return to Lead any such amounts received by Participant, but without interest thereon unless Lead is required to pay interest on such amounts to the person recovering such payment, in which case with interest thereon, computed at the same rate that Lead is required to pay.

2.8. Neither party shall have any interest, by virtue of this Agreement, under any other present or future purchases by or on behalf of the other party concerning Merchant Agreements with Client(s), except as set forth in section 2.3.

2.9. Upon request by Participant, the Servicer shall provide a copy of the specific Merchant Agreement, along with all related documents, in connection with any Offer.

### **3. WARRANTIES AND REPRESENTATIONS BY PARTICIPANT.**

3.1. Participant warrants and represents to Lead and Servicer that:

3.1.1. It has made its own full and complete credit investigation relating to Lead, the Client, the Transaction, the Purchase and the Merchant Agreement;

3.1.2. It has received the Merchant Agreement and all related documents and conducted its own documentary due diligence to its complete satisfaction;

3.1.3. It is not relying in any way on the credit advice or judgment of Lead in determining whether or not to purchase the Participation hereunder.

3.1.4. Neither the Lead nor the Servicer has made and does not make any representations or warranties, express or implied, to Participant except as specifically set forth herein.

3.1.5. (a) Participant does not consider the acceptance of its Participation hereunder to constitute the "purchase" or "sale" of a "security" within the meaning of the Securities Act of 1933, the Securities Exchange Act of 1934 or Rule 10b-5 promulgated thereunder, the Trust Indenture Act of 1939, the securities laws of the State of Florida, any other applicable securities statute or law, or any rule or regulation under any of the foregoing; (b) Participant acknowledges that it may not derive profits from the efforts of Lead or any third party in respect of the acquisition of Participation; (c) this Participation constitutes a commercial transaction by Participant with Lead regarding the obligations of the Client(s) under the Merchant Agreement(s) and does not represent a common joint venture with Lead or an "investment" (as the term is commonly understood) in Lead or any Client, (d) Participant is accepting the Participation for its own account in respect of a commercial transaction made in the ordinary course of its commercial business and not with a view to or in connection with any subdivision, resale, or distribution thereof, and (e) Participant is engaged in the business of entering into commercial transactions (including transactions of the nature contemplated herein), can bear the economic risk related to its Participation in the Merchant Agreement(s), and has had access to all information deemed necessary by it in making its decision whether or not to participate in the Merchant Agreement(s).

#### **4. PROCEDURE AND PAYMENTS.**

4.1. On each Settlement Day, the Servicer on behalf of the Lead shall pay to Participant, its Participant's Share of Collections, less the amounts to be paid to Lead, including but not limited to service fees, hereunder, via ACH or Wire transfer to a bank account designated by the Participant to receive payments. Until that payment is made, Participant's Share of Collections shall be held in trust by Lead and Servicer.

4.2. All payments due hereunder shall be made by ACH or Wire transfer.

4.3. The Servicer on behalf of the Lead shall provide Participant with online reporting as to all Merchant Agreements and Client Obligations and the status of all payments thereunder.

#### **5. MANAGEMENT DUTIES OF SERVICER**

5.1. The Servicer shall administer the Transaction and the Merchant Agreements in accordance with the Standard of Care to both the Lead and Participant. The Participant understands and agrees that the Lead is not providing any services to the Participant. The management and servicing of all Transactions and the Merchant Agreements are the sole responsibility of the Servicer. Participant shall look solely to the Servicer with respect to any claims it may have for breach under this Agreement except to the extent caused by the Lead's negligence or willful misconduct.

#### **6. IN LIQUIDATION.**

6.1. Lead in consultation with the Servicer may declare the Transaction to be in liquidation ("**Liquidation**") at any time that a default has occurred under the Merchant Agreement, by so advising the Participant in writing.

6.2. Participant shall pay to Lead, on demand, and upon its receipt of supporting documentation, any outstanding Extraordinary Expenses due.

6.3. Lead and Participant acknowledge that the Participation Percentage of Participant is a payment intangible and that its sale by operation of law excludes that Participation Percentage from the liens or other security held by any creditors to Lead or any other entity.

6.4. If an event of default occurs under a Merchant Agreement by Client and, for whatever reason, Lead does not take action against the Client, then on written request by Participant, without prejudice to Lead's rights, Lead shall at its option either (i) assign a right of action versus the Client under the Merchant Agreement to Participant so that Participant can collect amounts owing from the Client or (ii) make a legal assignment to the Participant of the Participation Percentage of the Client Obligations to the extent an assignment is permitted by the Merchant Agreement. In the case of an assignment of right of action pursuant to clause (i) above, Participant shall coordinate legal strategy with the Lead's counsel and Participant shall share with Lead, in proportion to Lead's Participation Interest, in any recoveries from the Client less all fees incurred by Participant in the collections effort.

6.5. Notwithstanding anything else in this Agreement and specifically in this Section, Participant may, at any time and at its sole discretion, elect to forfeit its Participation Amount as well Participant's Share of Collections in exchange for being released from any outstanding Extraordinary Expenses due.

## **7. ENTIRE AGREEMENT.**

7.1. The Agreement supersedes all other agreements and understandings between the Parties, verbal or written, express or implied, relating to the subject matter hereof. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of the Agreement.

## **8. INDEMNIFICATIONS.**

8.1. **Participant Indemnification.** Participant agrees to indemnify Lead, on demand, for and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable fees and disbursements of counsel) of any kind or nature whatsoever which may be incurred by Lead with respect to this Agreement caused by the negligence or willful misconduct of Participant.

8.2. **Servicer Indemnification.** The Servicer agrees to indemnify the Participant, on demand, for and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable fees and disbursements of counsel) of any kind or nature whatsoever which may be incurred by Participant with respect to this Agreement caused by the Servicer's material breach of Section 5.

8.3. **Lead Indemnification.** Lead agrees to indemnify Participant, on demand, for and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable fees and disbursements of counsel) of any kind or nature whatsoever which may be incurred by Participant with respect to this Agreement caused by the negligence or willful misconduct of Lead.

8.4. **Limitation Of Liability.** Under no circumstances shall any party be liable for any indirect, consequential or punitive damages hereunder.

## **9. GENERAL.**

9.1. **Amendment.** Neither this Agreement nor any provisions hereof may be changed, waived, discharged, or terminated, nor may any consent to the departure from the terms hereof be given orally (even if supported by new consideration), but only by an instrument in writing signed by the Parties. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

9.2. **Attorney's Fees.** In the event that either Party retains counsel in connection with the interpretation, defense, or enforcement of this Agreement, the prevailing party shall recover its reasonable attorney's fees and expenses from the unsuccessful party. It shall be presumed (subject to rebuttal only by the introduction of competent evidence to the contrary) that the amount recoverable is the amount billed to the prevailing party by its counsel and that such amount will be reasonable if based on the billing rates charged to the prevailing party by its counsel in similar matters.

9.3. **No Waiver.** No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which Lead may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any acquiescence in any breach or default hereunder; nor shall any waiver of any breach or default be deemed a waiver of any default or breach subsequently occurring. All rights and remedies granted to Lead hereunder shall remain in full force and effect notwithstanding any single or partial exercise of, or any discontinuance of action begun to enforce, any such right or remedy. The rights and remedies specified herein are cumulative and not exclusive of each other or of any rights or remedies that Lead would otherwise have. Any waiver, permit, consent, or approval by Lead of any breach or default hereunder must be in writing and shall be effective only to the extent set forth in such writing and only as to that specific instance.

9.4. **Governing Law.** The Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of Florida State, without regard to its principles of conflicts of laws.

9.5. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitration hearing shall take place in Florida before a single arbitrator. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

9.6. **Further Acts.** Each Party agrees to do such further acts and things and to execute and deliver such additional agreements, powers and instruments as any other Party hereto may reasonably request to carry into effect the terms, provisions and purposes of this Agreement or to better assure and confirm unto such other Party hereto its respective rights, powers and remedies hereunder.

9.7. **Counterparts.** This Agreement may be executed and delivered in any number of counterparts, all of which taken together shall constitute one and the same instrument, and either Party may execute this Agreement by signing any such counterpart. A telecopy of the signature of any party on any counterpart shall be effective as the signature of the party executing such counterpart for purposes of effectiveness of this Agreement.

9.8. **Notice.** All notices required to be given to either party hereunder shall be deemed given upon the first to occur of: (a) deposit thereof in a receptacle under the control of the United States Postal Service; properly addressed and postage prepaid; (b) transmittal by electronic means to a receiver under the control of the party to whom notice is being given; or (c) actual receipt by the party to whom notice is being given, or an employee or agent of thereof. For purposes hereof, the addresses of the Parties are as set forth above or as may otherwise be specified from time to time in a writing sent by one Party to the other in accordance with the provisions hereof:

9.9. **Recitals.** The whereas clauses in the preamble above are fully incorporated into this Agreement.



**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed the day and year first above-written.

**LNS Group LLC, as "Lead"**

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

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

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

\_\_\_\_\_, as **"Participant"**

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

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

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

**LNS GROUP LLC as "Servicer"**

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

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

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

**Request For Taxpayer  
Identification Number And Certification**  
**Go to *www.irs.gov/Formw9* for instructions and the latest information.**

**Give form to the  
requester. Do not  
send to the IRS.**

**Before you begin.** For guidance related to the purpose of Form W-9, see Purpose of Form, below.

Print or type.  
See Specific Instructions on page 3.

<b>1</b> Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)	
<b>2</b> Business name/disregarded entity name, if different from above	
<b>3a.</b> Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) <b>Note:</b> Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other (see instructions) <div></div>	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) <div></div>  Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) <div></div>  <i>(Applies to accounts maintained outside the United States.)</i>
<b>3b.</b> If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest. check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . . <input type="checkbox"/>	
<b>5.</b> Address (number, street, and apt. or suite no.). See instructions.	Requester's Name & address (optional) <b>LNS GROUP LLC, 8 S Main St, Marlboro, NJ 07746, USA</b>
<b>6.</b> City, state, and ZIP code	
<b>7.</b> List account number(s) here (optional)	

**Part I    Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN, later

**Note:** If the account is in more than one name, see the instructions for line 1. See also What Name and Number To Give the Requester for guidelines on whose number to enter

<b>Social Security Number</b>	
<div></div>	<div></div>
or	
<b>Employer identification number</b>	
<div></div>	<div></div>

**Part II    Certification**

- Under penalties of perjury, I certify that:
- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
  - I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
  - I am a U.S. citizen or other U.S. person (defined below); and
  - The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	<b>Signature of U.S person</b>	<b>Date:</b>
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