

AUTHORIZED DEALER AGREEMENT

This agreement is made this _____ day of _____, 20____ by and between:
 Paradigm Electronics Inc., Sales and Marketing U.S., 11-919 Fraser Drive, Burlington, ON L7L 4X8 ("**Paradigm**") or
 Paradigm Electronics Inc., Sales and Marketing Canada, 205 Annagem Blvd., Mississauga, ON L5T 2V1 ("**Paradigm**") and

- Proprietorship
- Partnership
- Incorporated
- LLC

LEGAL: _____ ("**Dealer**")
DBA: _____
With principal offices at: _____
City: _____ **State/Prov:** _____ **Code:** _____

This Dealer Agreement applies to the following products, herein called "Authorized Product Brand(s)":



Request for Brand Authorization is hereby confirmed by Sales Representative:

Rep Firm: _____ **Rep Name:** _____ **Signature:** _____

RECITALS

Whereas the Dealer is engaged in the retail sale of audio/video products and desires to sell products distributed by Paradigm under their respective Authorized Product Brand name and trademark. Whereas Paradigm is willing to sell Authorized Product Brand(s) product to the Dealer under the terms and conditions of this agreement, for the life of this agreement. Whereas Paradigm has a material interest in preserving the high quality reputation of Authorized Product Brand(s).

APPOINTMENT

Paradigm hereby appoints the Dealer and the Dealer hereby accepts such appointment and, in consideration of the mutual covenants contained herein, both parties agree as follows for each location in schedule (A) on page 3:

1. THE PRODUCT

- a) Authorized Product Brand(s), as used in this agreement, means the products listed in the Confidential Authorized Product Brand(s) Dealer Price List published by Paradigm, and amended from time to time.
- b) Paradigm agrees to sell Authorized Product Brand(s) product to the Dealer and the Dealer agrees to purchase such product from Paradigm for the sole purpose of retail sale to the end consumer.

2. PRODUCT REPRESENTATION

- a) **Paradigm** Authorized Product Brand Dealers agree at all times, to display and keep in stock a reasonably wide representative assortment of Paradigm products in all locations.
- b) **Paradigm Reference** Authorized Product Brand Dealers agree at all times, to display in their high-end demonstration room(s) and keep in stock a 75% representation of Paradigm Reference products in all locations.
- c) **Anthem** Authorized Product Brand Dealers agree at all times, to display in their high-end demonstration room(s) and keep in stock a 75% representation of Anthem products in all locations.
- d) The Dealer shall maintain a sales staff and showroom/demonstration facilities of a caliber which is consistent with the high quality reputation of the Authorized Product Brand(s).
- e) The Dealer shall cooperate and comply with all reasonable marketing policies and programs of Paradigm with respect to the display, demonstration and promotion of Authorized Product Brand(s).
- f) Failure by the Dealer to meet the standards of performance as outlined in (a), (b), (c), (d) or (e) of this section shall be deemed a failure by the Dealer to meet the terms of this agreement and will be grounds for termination as provided herein.

3. TERMS OF SALE AND PRODUCT DELIVERY

- a) Paradigm shall sell Authorized Product Brand(s) to the Dealer at the prices and terms indicated on the aforementioned Confidential Authorized Product Brand(s) Dealer Price List. Each individual order placed by the Dealer will only be accepted provided that:
 - i) the Dealer is not in breach of any provision in this agreement, and
 - ii) the Dealer's credit standing with each order is approved by Paradigm's credit department.
- b) All orders for Authorized Product Brand(s) product received and accepted by Paradigm shall be filled and shipped as soon as is practical. Paradigm, at its sole discretion, reserves the right to reasonably allocate shipments among Dealers at times when inventory of product is not sufficient to fill orders, regardless of the cause of the insufficient inventory.

4. PAYMENT

The amounts indicated on Paradigm's invoices shall be paid in full within the terms specified on the invoices. Until such payment has been made, notwithstanding the shipment and possession or resale and delivery of the invoiced products, title of the invoiced products shall remain with Paradigm; however such products, after shipping by Paradigm shall be at the Dealer's risk and expense with respect to loss, damage, destruction, theft, fire, taxes or charges of any kind. The Dealer shall notify Paradigm in the event of any damage claims relating to Authorized Product Brand(s) of which the Dealer has knowledge.

5. DEALER AUTHORIZATION

With respect to this agreement the Dealer may present themselves as an "**AUTHORIZED DEALER**" for the Authorized Product Brand(s). The Dealer is, however, an independent retailer and neither the Dealer nor any of its officers or employees shall be considered in any way acting as a representative of Paradigm.

6. DEALER SALES LIMITATIONS

- a) **Retail Sale Only:** The Dealer shall only offer Authorized Product Brand(s) product for retail sale to the end consumer at the locations set forth in Schedule (A) of this agreement. The Dealer shall furthermore only supply Authorized Product Brand(s) product to the end consumer at the locations set forth in Schedule (A) of this agreement.
- b) **No Mail-Order:** The Dealer shall not utilize, or participate in any mail-order marketing methods in the offer for sale, or sale of any Authorized Product Brand(s) product.
- c) **No E-commerce:** The Dealer shall not utilize, or participate in any e-commerce marketing methods in the offer for sale, or sale of any Authorized Product Brand(s) product.
- d) **No Transshipping:** The Dealer shall not supply Authorized Product Brand(s) product to any other dealer whatsoever, nor to any other party whose intentions are to resell said product.
- e) The Dealer shall not utilize any predatory sales or marketing methods in the offer for sale, or sale of Authorized Product Brand(s).
- f) Dealer sales limitations as outlined herein also extend to any other sales methods of any similar nature that may be utilized at any time.
- g) **Damages:** If the Dealer is found in violation of this section of the agreement, Paradigm shall be entitled to collect damages equal to three times the gross profit of any product that was sold in violation of this section.

7. DEALER ADVERTISING LIMITATIONS

- a) The Dealer may not advertise Authorized Product Brand(s) for retail sale outside of their local market.
- b) **Local Advertising:** The Dealer may use the Authorized Product Brand name(s), trademark(s) and all copyrighted materials of Authorized Product Brand(s) in all local advertising.
- c) **National Magazine Advertising:** The Dealer may use Authorized Product Brand name(s), trademark(s) and trademarked bylines in national magazine advertising, but only if any and all advertisements of this type clearly contain the following statement:

"WE ARE AUTHORIZED TO SELL (Insert Authorized Product Brand Name) IN OUR LOCAL MARKET ONLY."

- d) **Website Advertising:** The Dealer may use Authorized Product Brand name(s), trademark(s) and trademarked bylines on their website, but only if every website page containing these materials clearly, and in close proximity, contains the following statement:

"WE ARE AUTHORIZED TO SELL (Insert Authorized Product Brand Name) IN OUR LOCAL MARKET ONLY. IF YOU ARE VISITING FROM OUTSIDE OUR LOCAL MARKET, PLEASE GO TO (Insert Authorized Product Brand Name Website*) TO FIND THE NAME OF YOUR NEAREST DEALER."

(*Note: "Authorized Product Brand Name Website" as used herein means linking to the Home Page of website only.)

- e) **No 'Buy' Buttons:** The Dealer may not use Authorized Product Brand name(s), trademark(s) or copyrighted materials on their website, or on any other website with which they may be in any way affiliated that contains e-commerce "Buy" buttons, sales via e-mail, or any other similar internet sales mechanisms.
- f) **No Internet Links:** The Dealer may not include, by copying, linking or by any other means, any page(s) from Authorized Product Brand(s) website so as to present them as a part of, or contained within, any part of the Dealer's website, or similarly within any other website with which they are in any way affiliated. The Dealer may, however, create a link from their website to the Home Page only, of the Authorized Product Brand(s) website.

8. USE OF BRAND NAME(S) AND TRADEMARK(S)

In consideration of the high quality reputation of Authorized Product Brand(s), and other than the provisions outlined in section (7) of this agreement, Authorized Product Brand name(s), trademark(s) or copyrighted materials may not be used for any other purpose without our prior written permission. Such permission, if granted, may be revoked at any time without cause, effective immediately upon written notice.

9. WARRANTY

All Authorized Product Brand(s) product is sold with a warranty which is enclosed with each individual product. The warranty provided is a Limited Warranty. Apart from this limited warranty, Paradigm makes no representation or warranty whatsoever, express or implied, with respect to the Authorized Product Brand(s), including but not limited to warranties of merchantability or fitness for purpose. Under no circumstances shall Paradigm be liable for any indirect, special or consequential damages incurred by the Dealer, of whatever type or nature, including but not limited to lost profits or lost revenues.

10. TERM, TERMINATION

- a) The term of this agreement shall commence as of the date and year written herein and shall continue until termination as herein provided.
- b) This agreement may, at Paradigm’s option, be automatically and immediately terminated if the Dealer breaches any of the provisions here in, if the Dealer fails to pay for Authorized Product Brand(s) product in accordance with the provisions herein, if the Dealer becomes insolvent, bankrupt, is placed in receivership, makes assignment for benefit of creditors or ceases normal business operations.
- c) This agreement may be terminated at any time without cause, by either party with no less than 30 days written notice to the other party.
- d) Termination of this agreement shall not relieve either party of any obligation of debt owed to the other party as of the termination date.
- e) Paradigm shall not be liable to the Dealer for any expenditures, losses or damages of any description which may result due to termination.
- f) If this agreement is terminated the Dealer shall immediately cease representing themselves as an “Authorized Dealer” for the Authorized Product Brand(s) and shall no longer use the Authorized Product Brand name(s), trademark(s) or copyrighted materials either in connection with the Authorized Product Brand(s) or for any other purpose. The Dealer shall also return to Paradigm all price lists, catalogs, signs, promotional material and all other items referring to the Authorized Product Brand(s).
- g) At Paradigm’s sole discretion, this agreement may be automatically terminated if the Dealer fails to purchase Authorized Product Brand(s) product for any 180 day period. In such case, no notice of termination shall be required.

11. REPURCHASE

Upon termination of this agreement the Dealer grants Paradigm the option to repurchase Authorized Product Brand(s) products from the Dealer at the prices set forth in the then current Confidential Authorized Product Brand(s) Dealer Price List or the original invoice price paid by the Dealer, whichever is less. If products returned are not in originally sealed factory cartons Paradigm may, at its discretion, apply a restocking charge in keeping with the diminished value of those products.

12. NO ASSIGNMENT

The Dealer may not assign this agreement or any right or interest contained herein, by any means, without the written consent of Paradigm.

13. NOTICES

Any notice or communication required or permitted herein shall be in writing and deemed to be given or made when sent by registered or certified mail, postage prepaid, addressed to the party to whom the notice is being given, at the address for such party as set forth herein or at such address as either party may communicate with the other party.

14. NO OTHER AGREEMENTS

This agreement supercedes all other agreements made between the parties. Any modification or amendments shall only be effective if they are in writing and signed by both parties. If any portion of this agreement shall be deemed invalid or unenforceable, the remaining provisions of this agreement shall remain binding on both parties.

15. LEGAL CONSTRUCTION, EFFECTIVE DATE

This agreement shall be governed by the laws of the province of Ontario and the federal laws of Canada as applicable herein. Any or all disputes arising from the provisions of this agreement must be settled in the province of Ontario, Canada. This agreement shall become effective upon the receipt by Paradigm at the address indicated herein, of one signed copy by the Dealer, and the mailing by Paradigm back to the Dealer of one photocopy signed by an authorized officer of Paradigm.

In witness whereof, the parties hereto have executed this agreement effective the day and year first above written.

Dealer (Legal): _____	Paradigm Electronics Inc.	– or –	Paradigm Electronics Inc.
Signature: _____	_____		_____
Name (Print): _____	W.A. VanderMarel		Scott Bagby
Please Check: <input type="checkbox"/> Owner <input type="checkbox"/> Corporate Officer	Sales & Marketing U.S.		Sales & Marketing Canada

SCHEDULE (A): AUTHORIZED DEALER SALES LOCATIONS

Store Name _____	Store Name _____
Street Address _____	Street Address _____
City _____ State/Prov _____ Code _____	City _____ State/Prov _____ Code _____
Phone (_____) _____ - _____ Manager _____	Phone (_____) _____ - _____ Manager _____
Authorized to sell at the above location (check all that apply): <input type="checkbox"/> Paradigm® <input type="checkbox"/> Paradigm® Reference <input type="checkbox"/> Anthem™	Authorized to sell at the above location (check all that apply): <input type="checkbox"/> Paradigm® <input type="checkbox"/> Paradigm® Reference <input type="checkbox"/> Anthem™
Store Name _____	Store Name _____
Street Address _____	Street Address _____
City _____ State/Prov _____ Code _____	City _____ State/Prov _____ Code _____
Phone (_____) _____ - _____ Manager _____	Phone (_____) _____ - _____ Manager _____
Authorized to sell at the above location (check all that apply): <input type="checkbox"/> Paradigm® <input type="checkbox"/> Paradigm® Reference <input type="checkbox"/> Anthem™	Authorized to sell at the above location (check all that apply): <input type="checkbox"/> Paradigm® <input type="checkbox"/> Paradigm® Reference <input type="checkbox"/> Anthem™