

PATENT ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
JAMES M ANDERSON	02/20/2009
RECEIVING PARTY DATA	
Name:	PERCUSSIVE INNOVATIONS, LLC
Street Address:	14420 MARQUARDT AVE
City:	SANTA FE SPRINGS
State/Country:	CALIFORNIA
Postal Code:	90670
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	D523466
Patent Number:	7199297
CORRESPONDENCE DATA	
Fax Number:	(562)697-7700
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	562-694-6005
Email:	jay@fullmanlaw.com
Correspondent Name:	JAY D FULLMAN
Address Line 1:	800 S BEACH BL STE A
Address Line 4:	BREA, CALIFORNIA 90631
ATTORNEY DOCKET NUMBER:	9009
NAME OF SUBMITTER:	Jay D. Fullman

OP \$80.00 D523466

Total Attachments: 14
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**PERCUSSIVE INNOVATIONS, LLC
MEMBERSHIP INTEREST PURCHASE AGREEMENT**

This MEMBERSHIP INTEREST PURCHASE AGREEMENT ("Agreement") is made this 28th day of August 2007, by and between PERCUSSIVE INNOVATIONS, LLC, a California Limited Liability Company (the "Company") and JAMES ANDERSON and KRISTEN ANDERSON, husband and wife ("Anderson"), individuals (Company and Anderson are collectively "Seller"), located at 9949 Desert View Road, Pinon Hills, California 92372, and WOLFE INDUSTRIES, INC., a California corporation ("Purchaser"), located at 14420 Marquardt Avenue, Santa Fe Springs, California 90670.

Recitals

WHEREAS the Company is willing to sell to Purchaser and Purchaser desires to purchase Membership Interests from the Company according to the terms and conditions of this Agreement;

WHEREAS James Anderson and Kristen Anderson are currently the only Members of the Company, the holder of 1000 Membership Interests of the Company, and its officers and employees;

WHEREAS the Company, Anderson and Purchaser desire to continue the operation of the Company and expand the products and services marketed by the Company, under the names Percussive Innovations, LLC and Factory Metal Percussion.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained in this Agreement, the parties agree as follows:

1. Purchase and Sale of Membership Interests.

(a) **Purchase.** The Company hereby sells to Purchaser and Purchaser hereby purchases from the Company, sixty six and seven tenths percent (66.7%) of the membership interests of the Company's total outstanding and issued membership interests, namely Two Thousand Three (2,003) Membership Interests (the "Membership Interests"), for the aggregate purchase price of Three Hundred Thirty Three Thousand Three Hundred Dollars (\$333,300.00), payable as set forth in Section 2, below.

(b) **Name of Member.** The Membership Interests shall be issued to and be owned of record in the name of "Wolfe Industries, Inc."

(c) **Delivery of Certificates.** The certificates representing the Membership Interests shall be delivered to the Purchaser upon Closing.

2. Consideration for Purchase and Sale.

(a) **Deposit.** Purchaser has paid a cash deposit of Twenty-Five Thousand Dollars (\$25,000.00) to Seller, the receipt of which is hereby acknowledged.

(b) **Cash Due at Closing to Anderson.** Purchaser shall pay cash to Anderson of One Hundred Fifty Eight Thousand, Three Hundred Dollars (\$158,300.00) at Closing.

(c) **Cash Due at Closing to Company for Anderson.** Purchaser shall pay cash to Company of Fifty Thousand Dollars (\$50,000.00) at Closing, which shall remain with the Company, as and for an additional capital contribution by Anderson.

(d) **Note to Anderson Due at Closing.** Purchaser shall deliver to James Anderson and Kristen Anderson a Promissory Note in the principal sum of One Hundred Thousand Dollars (\$100,000.00) at Closing. Said Promissory Note, in the form attached hereto as **Exhibit "A"**, shall be fully amortized over two (2) years, bear interests at the rate of six percent (6%) per annum, with payments due thereunder of \$4,432.07 per month, beginning on the first day of the next month following the Closing date.

(e) **Cash Due at Closing to Company.** Purchaser shall pay cash to Company of Fifty Thousand Dollars (\$50,000.00) at Closing, as and for Purchaser's additional capital contribution.

3. The Closing.

(a) **Closing Date.** The date for the Closing shall be August 31, 2007, at 10:00 a.m., unless otherwise agreed by the parties in writing.

(b) **Escrow; Place of Closing.** The Closing will be conducted by the parties hereto without the services of an escrow company. The Closing shall occur at Wolfe Industries, Inc., 14420 Marquardt Avenue, Santa Fe Springs, California 90670.

(c) Documents to be Exchanged at Closing.

(1) Purchaser shall deliver to Seller:

A. The Cash Due at Closing;

B. The properly executed Promissory Note.

(2) Seller shall deliver to Purchaser the properly executed membership interest certificate for 2,003 Membership Interests, representing 66.7% of all issued Membership Interests of the Company, in the name of Purchaser.

(d) **Costs and Expenses.** All costs and expenses incurred in preparation of the documents for the transaction contemplated in this Agreement and in completing the purchase and sale described in this Agreement shall be paid by Purchaser and Anderson in the following manner:

(1) Purchaser and Anderson shall jointly retain an attorney to prepare the Closing documents and be equally responsible for the attorney fees and expenses incurred in preparation

of these documents. Should either party retain an additional attorney to review the documents necessary to complete the transactions contemplated in this Agreement, the attorney fees so incurred shall be the responsibility of the party retaining the attorney.

(2) Any other Closing costs and expenses shall be paid at the Closing by Purchaser and Anderson, in equal portions.

4. **Conditions Precedent.** This transaction shall be conditioned upon the following conditions precedent (and others that may be included on further negotiations), the precise statement of which shall be subject to the parties' mutual satisfaction:

(a) Each party to the transaction shall pay its own attorneys' fees and other expenses related to the transaction.

(b) Each party has the requisite power and authority to enter into and perform this Agreement and has obtained all necessary or appropriate corporate authorities and approvals. The execution, delivery and performance of and under this Agreement by each party does not conflict with or result in a violation of any law, regulation, ordinance, order or obligation applicable to such party. Andersons represent and warrant that they are the sole owners of all right, title and interest in and to the Company and the related assets. This Agreement constitutes a valid and binding obligation on each party and is enforceable in accordance with its terms.

5. **Representations, Warranties, Covenants and Agreements by Anderson.** Anderson Represents and warrants the following:

5.1 The financial records for Factory Metal Percussion, previously inspected by Purchaser, contain a full and complete record and account of the financial affairs of the Company and truthfully set forth all liabilities, assets and other matters pertaining to the fiscal or financial condition of the Company through the date of inspection and furthermore, that there have been no material changes in the financial condition of the Company since that time except for transactions normal to the Company.

5.2 Seller is the lawful owner of the business name, "Factory Metal Percussion" and has good right and due authorization to sell it. At the time of signing this Agreement, Seller neither knows nor has reason to know of the existence of any outstanding claim or title, or interest, or lien in, to, or on the Company except as shown on the financial records of the Company inspected by Purchaser.

5.3 Seller owes no obligations and has contracted no liabilities affecting the Company or which might affect the consummation of the purchase and sale described in this Agreement that are not shown on the financial records inspected by Purchaser and that have not been expressly disclosed to Purchaser.

5.4 Anderson agrees to maintain 33.3% of Percussive Innovations/Factory Metal Percussion, including 33.3% of all liabilities associated with the operation of the Company, including

without limitation withholding taxes, social security taxes, unemployment contributions, salaries, product liability insurance, and purchases incurred after the Closing, as agreed by both parties.

5.5 There are no taxes due and owing on account of Seller's operation of the Company for unemployment compensation, withholding tax, social security tax, sales tax, personal property tax, franchise tax, income tax, and other taxes of any nature except as shown on the financial records of the Company inspected by Purchaser. Taxes and expenses incurred by Percussive Innovations, LLC before the Closing date will remain the sole responsibility of and shall be promptly paid by Anderson.

5.6 Any Company accounts payable due and owing as of the Closing shall remain the responsibility of Anderson and shall be paid promptly by Anderson;

5.7 No litigation, actions or proceedings, legal, equitable, administrative, through arbitration or otherwise, including but not limited to lawsuits, claims or disputes with employees, customers and vendors, etc., are pending or threatened that might affect the Company, the assets being purchased, or the consummation of the purchase and sale described in this Agreement.

5.8 Anderson agrees to indemnify and hold Purchaser harmless from any and all claims, causes of actions, liabilities, losses, damages, debts, costs, expenses, fees, including legal fees, resulting from actions, occurrences or events occurring prior to the Closing.

5.9 All terms and conditions of this Agreement will be held in confidence.

5.10 The assets which shall be owned by, or assigned to, Company at Closing shall include but not be limited to the following:

(a) All right, title and interest in and to the "Factory Metal Percussion" name, artwork, logos, designs, graphics, DXF Files, and related intellectual property;

(b) The websites: www.percussiveinnovations.com and www.factorymetalpercussion.com

(c) Trademark Application, serial number 77095840;

(d) United States Design Patent: Title: Cymbal - US D523,466 S (issued June 20, 2006);

(e) United States Utility Patent: Title: Cymbal System and Method of Making - US 7,199,297 B2 (issued April 3, 2007);

(f) The Factory Metal Percussion artist endorser roster and related information;

(g) All customer, distributor and vendor lists and information for Percussive Innovations, LLC and for Factory Metal Percussion; and

(h) All patents, trademarks, copyrights, and other intellectual property related to Percussive Innovations and Factory Metal Percussion currently in process, planning, or development.

5.11 The assets of The Company or of Anderson which are excluded from this transaction include all real estate, vehicles, machinery, office equipment, existing inventory of the Company, and any Company accounts receivable shipped and billed prior to the date of this Agreement.

6. **Representations, Warranties, Covenants and Agreements by Purchaser.** Purchaser represents and warrants as follows:

6.1 Purchaser has the unrestricted and requisite power and authority to enter into and perform this Agreement. All documents and instruments provided by Purchaser to Anderson are true and correct in all material respects, and there is no litigation proceeding against the Purchaser that is pending or currently threatened which may have a material effect on the business of Percussive Innovations, LLC or Factory Metal Percussion ("FMP").

6.2 Purchaser represents that all terms of this agreement will be held in confidence.

6.3 Purchaser agrees to purchase 66.7% of Percussive Innovations, LLC, including 66.7% of all liabilities associated with the operation of the Business, including without limitation withholding taxes, social security taxes, unemployment contributions, salaries, and purchases which are incurred after the Closing, as agreed by the parties.

6.4 In the event this transaction fails to close due to a breach on the part of Purchaser, Seller(s)' sole and exclusive remedy shall be to collect liquidated damages from Purchaser in the amount of \$5,000.

7. **Delivery of Books and Records**

7.1 All books, records, files, documents and papers, including customer lists and all records of the accounts of customers used in the operation of or relating to the Company shall be transferred to the Santa Fe Springs Location.

7.2 All of these books, records, files, documents and papers shall be available to both Parties at any time for any proper purpose.

8. **No Assumption of Liabilities by Purchaser.** Unless otherwise expressly provided for in this Agreement, the liabilities and obligations incurred by Seller prior to the Closing are not assumed by Purchaser or the Company but shall be the liabilities and obligations of Anderson and shall be solely paid by Anderson.

9. **Indemnification of Seller.** Purchaser is independently choosing to purchase 66.7% of Percussive Innovations, LLC/Factory Metal Percussion of his own free will, and understands all economic risks involved in the purchase of any business. Purchaser will indemnify and hold Seller free and harmless from any and all claims, losses, damages, injuries and liabilities resulting from Purchaser's decision to purchase 66.7% equity ownership of Percussive Innovations, LLC/Factory Metal Percussion.

10. **Securities Law Compliance.**

(a) **Exemption from Registration.** The Company membership interests have not been registered under the federal Securities Act of 1933 and are being issued to Purchaser in reliance

upon the exemption from such registration provided by Rule 504 of the Securities and Exchange Commission. The Company membership interests have not been qualified under the California Corporate Securities Law of 1968 and are being issued to Purchaser in reliance upon the exemption from qualification provided by Section 25102(f) of the California Corporations Code.

(b) **Investment Representations.** As an inducement to the Company to issue the Membership Interests to Purchaser, and in order to establish the suitability of Purchaser for such an investment, Purchaser hereby represents and warrants to the Company as follows:

(i) **Investment Intent.** Purchaser is aware of and familiar with the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach a knowledgeable and informed decision to acquire the Membership Interests. Purchaser is acquiring the Membership Interests for investment for its own account, not for resale, without any intention of or view toward or for participating, directly or indirectly, in a distribution of the Membership Interests or any portion thereof.

(ii) **Experience.** Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of investment in the Membership Interests.

(iii) **Risks.** Purchaser understands that an investment in the Company is speculative, that any possible profits therefrom are uncertain, and that Purchaser must bear the economic risks of the investment in the Company for an indefinite period of time. Purchaser is able to bear these economic risks and to hold the Membership Interests for an indefinite period.

(iv) **Information.** Purchaser has received all information and data with respect to the Company which Purchaser has requested and has deemed relevant in connection with an evaluation of the merits and risks of this investment in the Company, and will seek such additional information desired from Company.

11. **Valuation of Interests Upon Sale.** In the event any Member desires to sell its Membership Interests, the Membership Interests shall be valued as follows:

(a) **Definition.** The Value of the Company shall be determined by the Board of Directors upon written information of the Company's independent accountant as well as other sources if deemed appropriate, by multiplying by two (2) (i) the net annual pretax earnings of the Company plus (ii) an amount equal to the difference between the Members' salaries, bonuses and perquisites and such lesser amount, if any, that the Company would reasonably be required to pay a non-Member employee to perform the same employment duties if such Member were not employed, said amounts to be an annualized average over the 36 months before the event causing the purchase and sale, adjusted as deemed appropriate by the Members/Board of Directors by one or more of the following categories:

(i) All tangible and intangible assets and interests owned by the Company, adjusted up or down as deemed appropriate to reflect the estimated actual fair value of

said assets assuming sold together as part of a going concern (excluding any further good will for which there shall be no value attributed, but including any unbilled work in process adjusted for any expenses necessary to generate a billed receivable);

(ii) Except as already taken into account in subparagraph (i) above, all liabilities and other obligations of the Company, whether fixed or contingent, liquidated or unliquidated, adjusted as appropriate to fairly estimate the value of said obligations;

(iii) All other upward or downward adjustments to the foregoing assets and obligations as the Members/Board of Directors shall in its sole discretion determine, including but not limited to normal accruals and deferrals, prorated to the valuation date;

(iv) A factor discounting the calculated Value if the purchased shares represent less than a majority of all issued and outstanding shares, not to exceed 10%.

(b) **No Assurances.** The parties understand that the Membership Interests will be valued by the Members/Board of Directors for the purpose of sale, and that the Company believes this valuation represents a fair attempt at reaching an accurate appraisal of their worth. The parties also understand, however, that the Company can give no assurances that such price is in fact the fair market value of the Membership Interests and that it is possible that the Internal Revenue Service would successfully assert that the value of the Membership Interests on the date of purchase is substantially greater than so determined. If the Internal Revenue Service were to succeed in a determination that the Membership Interests had value greater than the purchase price, the additional value may constitute ordinary income as of the date of its receipt. The additional taxes (and interest) due would be payable by the selling Member, and there is no provision for the Company to reimburse the selling Member for that tax liability. The selling Member assumes all responsibility for such potential tax liability.

12. **Post-Closing Operating Agreement.** After Closing, the parties anticipate that the following parameters will be followed in the continued operation of the Company:

(a) The Company Articles of Organization will be amended to change the name of the Company to "Factory Metal Percussion, LLC."

(b) The Company Operating Agreement may be modified to reflect the new operational parameters set forth herein or otherwise agreed by the Members.

(c) *Intentionally Omitted.*

(d) The Company's profits, after Closing, shall be distributed on a quarterly basis. The percentage of profit disbursement will match the percentage of interest in the LLC (i.e., 66.7% membership interest results in 66.7% of profit disbursement).

(e) If necessary to insure quality and cost control, both parties agree that outside sources may be sub-contracted for any phase of manufacturing or marketing including but not limited to zinc plating, laser cutting, deburring, assembly, packaging, logistics, sales, marketing,

photography, video recording, website design, any other business service necessary, as agreed upon by both parties.

(f) Receipts for business expenses will be collected by the Members and expensed, as agreed by the Members, including travel expenses, office expenses, equipment expenses, business phones/fax expenses, website, collateral information expenses, etc.

(g) Jim Anderson be available at the Factory Metal Percussion, LLC (Santa Fe Springs) manufacturing facility between one (1) and two (2) days per week (typically Tuesday and Thursday) to conduct sales meetings, ordering supplies, training assembly & packaging workers, quality control issues, sales and marketing meetings, and other business responsibilities. On Monday, Wednesday and Friday, Jim Anderson will work from FMP, Pinon Hills, conducting business such as sales, distribution, marketing, artist endorsement, website design, video, audio and product development for FMP. All intellectual property developed by Anderson shall be promptly assigned to FMP, and Anderson shall cooperate with FMP in the filing, assignment, protection, and enforcement of all patents, trademarks, copyrights, and other intellectual property rights.

(h) Jim Anderson will receive a base salary of \$4,000 per month, to be paid on a bi-monthly basis for a minimum of 40 hours per week direct work for FMP to begin September 1st, 2007 and continue through September 1st, 2008. See **Exhibit "B"**: Jim Anderson's Role, for greater detail of his duties and responsibilities. Jim Anderson's salary will be reviewed on an annual basis. The Company may submit an employment agreement to Jim Anderson to further clarify his duties, responsibilities, and compensation.

(i) The Members shall not directly render any services to any business which is the same as, or similar to the business of FMP, or in competition with FMP, without the prior written consent of Anderson and Wolfe Industries, Inc.

(j) Any OEM manufacturing of metal music industry products to other music industry businesses will be billed through FMP as an FMP product offering. Wolfe Industries, Inc. will be contracted by FMP for exclusive manufacturing of all said parts at fair market prices.

(k) Any new percussion related inventions, designs, products of FMP which are being considered for "Product Licensure" shall be agreed upon by the parties and be beneficial to FMP. Profits earned by FMP through "Product Licensure" will be divided equally - disbursed at a rate of 50% to Anderson and 50% to Wolfe Industries, Inc. Such Product Licensure shall exclude products manufactured at FMP's facilities.

(l) Purchaser shall have the exclusive manufacturing rights for Factory Metal Percussion products.

(m) Purchaser will provide an assembly and packaging area (approximately 10' x 10' Floor Space) at Santa Fe Springs, for FMP to prepare products for delivery at no charge FMP. Anderson will provide an assembly and packaging area at Pinon Hills, at no charge to FMP, on

an as needed basis. Purchaser may charge FMP for reasonable and customary administrative expense, warehouse space, and manufacturing space.

(n) Purchaser will facilitate palletizing, storage, shipping, logistics, and administration of FMP product distribution to Kaman Music. A reasonable pricing structure will be established and agreed upon by Anderson and Purchaser for the above product delivery services.

(o) Purchaser and Seller will work in conjunction to manage all bank accounts. Purchaser agrees to facilitate bank documents pertaining to the disbursement of profits, salaries, taxes, accounting, and upkeep of FMP accounts at a reasonable accounting and administrative cost to Percussive Innovations/Factory Metal Percussion.

13. **Termination.** This Agreement may be immediately terminated by any party upon the occurrence of the following:

(a) If the other party is subject to a filing under the Bankruptcy Act which shall not have been dismissed within ninety (90) days.

(b) If the other party is subject to the appointment of a receiver, liquidator, or similar person is appointed for the purpose of liquidating or managing the assets, or a substantial portion of the assets, of the party which proceeding shall not have been dismissed within ninety (90) days.

(c) If the other party becomes insolvent or makes an assignment for the benefit of creditors, or any arrangement pursuant to insolvency laws.

(d) If the other party fails to observe or perform any provisions of this Agreement, and fails to remedy or cure such breach after thirty (30) days notice thereof.

14. **Notices.** All notices required or to be provided pursuant to this Agreement shall be in writing and shall be delivered either personally, by verified fax receipt, or by certified or registered mail postage prepaid to the parties at the addresses set forth above.

The parties shall indicate any change of address by notice to the other. Notice shall be deemed effective upon actual receipt (hand delivery, fax or otherwise) or on the third (3rd) business day after mailing, whichever is earlier.

15. **Headings.** The paragraph section headings contained herein in no way define, limit, extend or interpret the scope of this Agreement or of any particular part thereof.

16. **Additional Documents.** Each party hereto agrees to execute, with acknowledgment or affidavit if required, any and all other documents and writings which may be necessary or appropriate to achieve the purposes of this Agreement.

17. **Severability.** In the event that any provision of this Agreement shall be held invalid, illegal, or unenforceable, such provision shall not affect in any respect whatsoever the validity of any other provision of this Agreement, and this Agreement shall be interpreted and enforced as if the invalid provision did not exist.

18. **Binding Effect.** The provisions of this Agreement shall, subject to the terms and conditions set forth, be binding upon and shall inure to the benefit of each of the parties and to the successors and assigns of each, and to their respective heirs, executors and legal representatives.

19. **Rights and Remedies Are Cumulative.** Any rights and remedies provided in this Agreement and as are provided by law are cumulative, such that the use of any one right or remedy by any party shall not preclude or waive that party's right to use any or all other remedies. Said rights and remedies shall include those as may be provided by law, statute, ordinance or otherwise.

20. **Waiver.** No consent or waiver, either express or implied, by any party to any breach or default by the other in the performance of their respective obligations hereunder shall be deemed or construed to be a consent or waiver to any other breach or default in the performance by such other party.

21. **Counterparts.** This Agreement may be executed simultaneously or in one or more originally signed counterparts, all of which taken together shall constitute one and the same agreement.

22. **Attorney Fees.** Should legal action be commenced between the parties or their representatives concerning any provision of this Agreement or to enforce or interpret this Agreement, the party or parties prevailing in such litigation shall be entitled in addition to such other relief as may be granted to a reasonable sum as and for attorneys fees and court costs therein incurred, which amount to be determined by the court or arbitrator in such litigation.

Each party hereto was represented by an attorney in the negotiation and execution of the Agreement. The parties agree that they will bear their own fees and costs arising out of the negotiation, preparation and execution of this Agreement.

23. **Governing Law.** This Agreement shall be construed under and governed in accordance with the laws of the State of California, and shall be performed at Santa Fe Springs, California. Venue for any action shall be in the Southeast District of the Los Angeles Superior Court.

24. **Verification and Advice.** In the execution hereof and in creating and negotiating this Agreement, each party has had the opportunity to make such legal and factual inquiries and determinations, and to obtain such documentation, as each has deemed necessary and desirable. In addition, each party has had the full opportunity to consult with independent legal counsel and other advisors of each party's choosing.

25. **Modifications.** This Agreement shall not be modified or amended in any respect except by agreement in writing duly executed by all of the parties.

26. **Authority.** Each party warrants the full power, capacity and authority of said party to enter into this Agreement, and that there are no other actions or agreements by any third persons

necessary to the full execution, delivery and effectiveness of this Agreement, except as may otherwise be provided herein.

27. **Complete Agreement.** This Agreement contains the full and entire agreement and understanding of the parties with respect to the subject matter. Except as may be specifically referred to herein, all prior obligations, proposals and agreements relating to the subject matter of this Agreement have been merged herein.

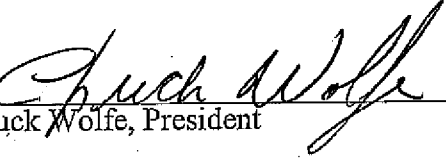
28. **No Other Representations.** Each party hereby acknowledges that there are no warranties, representations, inducements, understandings or assurances with respect to the subject matter of this Agreement except as are expressly set forth or identified herein.

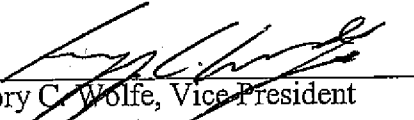
29. **Construction.** In the event of any controversy pertaining to the interpretation of this Agreement, this Agreement shall be interpreted and construed based on the ordinary meaning and understanding of the terms and language employed, without regard to any presumption rendered against or in favor of any party regardless of which party may have been primarily responsible for the drafting of this Agreement.

30. **Dispute Resolution.** Except for claims seeking equitable relief, all disputes, controversies or claims arising out of or relating to this Agreement will be resolved through mandatory binding arbitration conducted in a USA based JAMS facility closest to the offices of Buyer before J.A.M.S. / ENDISPUTE or its successor ("JAMS") pursuant to the United States Arbitration Act, 9 U.S.C. Section 1, et seq. (the "Act"); and (iii) this Agreement. The arbitration will be conducted in accordance with the provisions of JAMS Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration (the "JAMS Rules"), subject to the provisions of this Section. The terms set forth in this Agreement will control in the event of any inconsistency between such terms and the JAMS Rules. The parties will cooperate with JAMS and with each other in promptly selecting a single arbitrator from JAMS panel of neutrals. If the parties fail to so select an arbitrator within thirty (30) days following the date of either party's notice of demand to conduct arbitration, then JAMS will appoint an arbitrator in accordance with the JAMS Rules. The award of the arbitrator will be in writing and will set forth findings of fact and conclusions of law. Judgment on the arbitrator's award will be final and binding upon the parties and may be entered in any court having jurisdiction thereof. If for any reason JAMS or its successor no longer is in business, then the arbitration shall be conducted in accordance with the commercial arbitration rules of the American Arbitration Association. The arbitrator's fees will be shared equally by the parties and each party will initially bear its own costs and attorneys' fees, but the prevailing party shall be reimbursed by the other party for all attorneys' fees, witness fees, and arbitration costs. All papers, documents, or evidence, whether written or oral, filed with or presented in connection with the arbitration proceeding will be deemed by the parties and by the arbitrator to be confidential information of both parties. The arbitrator chosen in accordance with these provisions will not have the power to alter, amend or otherwise affect the terms of these arbitration provisions or the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

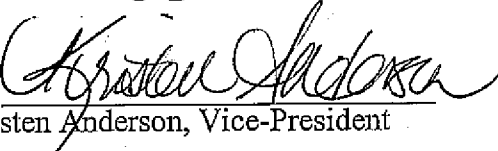
PURCHASER
WOLFE INDUSTRIES, INC.

By: 
Chuck Wolfe, President

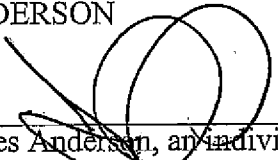
By: 
Gregory C. Wolfe, Vice President

COMPANY
PERCUSSIVE INNOVATIONS, LLC

By: 
James Anderson, President

By: 
Kristen Anderson, Vice-President

ANDERSON


James Anderson, an individual

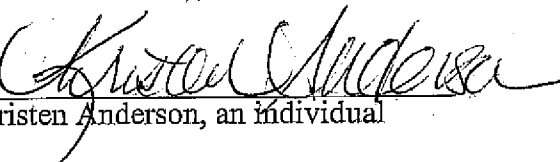

Kristen Anderson, an individual

EXHIBIT "A"

PROMISSORY NOTE

\$100,000.00

September 1, 2007
Santa Fe Springs, California

FOR VALUE RECEIVED, the undersigned hereby jointly and severally promise to pay to the order of JAMES and KRISTEN ANDERSON, the sum of One Hundred Thousand Dollars (\$100,000.00), together with interest thereon at the rate of six percent (6%) per annum on the unpaid balance. Said sum shall be paid in the manner following:

Principal plus interest, amortized over the term of the Note, with payments on the first day of each month, beginning on October 1, 2007, in the amount of \$4,432.07 until paid in full.

All payments shall be first applied to interest and the balance to principal.

This Note shall be paid in full no later than October 1, 2009. This Note may be prepaid, at any time, in whole or in part, without penalty.

This Note shall at the option of the holder hereof be immediately due and payable upon failure to make any payment due hereunder or for breach of any condition of this Note or upon the filing by any of the undersigned of an assignment for the benefit of creditors, bankruptcy, or for relief under any provisions of the Bankruptcy Code; or by suffering an involuntary petition in bankruptcy or receivership not vacated within thirty days.

In the event this Note shall be in default, and placed with an attorney for collection, then the undersigned agree to pay all reasonable attorney fees and costs of collection. Payments not made within five (5) days of due date shall be subject to a late charge of five percent (5%) of said payment. All payments hereunder shall be made to such address as may from time to time be designated by any holder hereof.

The undersigned and all other parties to this Note, whether as endorsers, guarantors or sureties waive demand, presentment and protest and all notices thereto and further agree to remain bound, notwithstanding any extension, modification, waiver, or other indulgence by any holder or upon the discharge or release of any obligor hereunder or to this Note, or upon the exchange, substitution, or release of any collateral granted as security for this Note.

Signed and sealed this ____ day of August 2007.

WOLFE INDUSTRIES, INC.

CHUCK WOLFE, President

EXHIBIT "B"

Jim Anderson's Role at Factory Metal Percussion

FMP Product Design & Development: R&D, invention, patent search of product inventions. Design minimum one new prototype product per year, with artist feedback, teachers, studios, etc. Test sound and product durability in live performance situations.

FMP Sales & Marketing: Work with LP Product team to help design FMP area for LP Trade show booths. Submit press releases, photo ads, and copy to nation magazines on a monthly basis. Design FMP product displays for retail merchandising. Schedule GC Management meetings to discuss sales, buyers' guide and in-store promotions.

FMP Website: Create "Experience Oriented" videos highlighting products in variety of music situations including: 1) Videos with key artist endorsers, 2) Footage documenting who, where, when, how, and why of FMP, 3) Cover use, styles and players, 4) Create Education Oriented" videos that highlight how to use FMP, 5) Create new audio sound samples area, 6) Do behind the scenes video at FMP Santa Fe Springs to highlight manufacturing side, 7) Create Dealer search engines for consumers to find local stores, 8) Create Educational areas where end-users / dealers can log in to learn about the products, and 9) Set up small swag sales area on site for T-Shirt, Hats, Crew Shirts, Key Chains, Ear Rings, Paper Weights, Clocks, Etc.

FMP Artist Relations: Continue to build relationships with high profile artist endorsers, building roster worldwide. Focus on 12 key endorsers to 12 monthly ads (1/3 page ads in Modern Drummer and DRUM). Stack endorsers on LP/Kaman yearly clinics to utilize most possible exposure. Do behind the scenes videos in LA clubs to document the use of FMP on the streets. Utilize website and press releases for free AR promotion. Continue to expand ground swell AR program.

FMP Brand Awareness Events: Design, perform, and schedule Educational Artist Clinics throughout GC and Sam Ash Music Chain of stores, to build FMP sales and consumer confidence. 2008: Create an annual "Factory Metal / LA" drumming event with artist performances, clinics, endorsement sign-ups, shirt sales, key chains, tuning booths, and special promo product sales.