



# Esquire Asset Management

## INVESTMENT MANAGEMENT AGREEMENT

This agreement is entered into between \_\_\_\_\_ (referred to herein as "Client") and Esquire Asset Management Corporation, a California Corporation, (referred to herein as "EAM").

Client and EAM desire to enter into an Investment Management Agreement (referred to herein as "Agreement") whereby EAM will provide to the Client, investment advice, investment supervision and investment management services on a regular and ongoing basis with respect to the assets which the client transfers into the investment account(s) which are specified in EXHIBIT A.

Client requests that EAM direct the investment of the Assets, which are deposited by client into the managed account in stocks, bonds and other securities.

Client acknowledges that investing assets in stocks, bonds and other securities involves risks (as set forth in more detail below)

***The Client and EAM agree as follows:***

1. Client agrees to retain EAM as a discretionary investment adviser for the assets of the Client which the client has deposited (or deposits in the future) into the investment account(s) specified in EXHIBIT A.
2. This agreement shall remain in force until it is terminated by one of the parties. Any termination, modification or instructions under this agreement must be given to EAM in writing. (E-mail is not sufficient.)
  - a. Any notice or instruction given by client to EAM must be given in writing, signed and dated by client and communicated to EAM at the EAM business address by personal delivery, US Mail, overnight delivery or if the client elects to authorize a facsimile signature, by fax.
  - \_\_\_\_\_ b. By placing their initials on the line to the left, the Client agrees and authorizes EAM to accept Client's signed, written instructions, delivered to EAM by fax, during business hours as if they were an original signed copy of that document.
  - c. Any notice, advice or report to be given to the Client under this agreement will be delivered in person, by U.S. Mail, fax, email, or overnight delivery to the address designated by client.
3. EAM agrees to act as the discretionary investment advisor by making all investment decisions regarding the assets placed under its discretion. The discretion of EAM includes:
  - a. The decision to buy, sell and hold specific securities.
  - b. The composition and asset allocation of portfolios.
4. The sale of the client's prior holdings and investments, as well as investments made by EAM in the Client's account may generate taxable gains or losses which must be included in the client's income tax calculations.
5. EAM accepts the following duties and responsibilities:
  - a. EAM will exercise its good faith judgement in directing the purchase, sale and holding of assets, in the investment account, in the form of cash, cash equivalents, stocks, bonds, and other securities
  - b. EAM will make investment decisions using the degree of care, skill, prudence and diligence, under the circumstances that a prudent person acting in a fiduciary capacity would use.
  - c. EAM is empowered to make investment decisions on behalf of the Client without first consulting the client as to the specific transaction(s) being undertaken on behalf of the client.
6. EAM will arrange for the execution of securities transactions through the broker/dealer specified on EXHIBIT A.
  - a. The use of the selected broker/dealer will result in transaction charges or commissions in addition to the fees charged by EAM. These fees are the responsibility of the client.

- b. EAM does not receive any compensation or fees of any kind from any broker dealer.
  - c. EAM agrees to make all transactions in the Client's account through the broker/dealer selected in EXHIBIT A.
  - d. As a result of the use of the broker/dealer selected by Client, client may pay higher commissions, fees or transaction costs to the selected broker dealer, than the client might incur at a different broker-dealer. EAM will accept the broker/dealer designation made by the Client and will not "shop" for lower broker/dealer commissions, fees or transaction costs with other broker dealers.
  - e. Client will receive, from EAM, a monthly statement which sets forth:
    - I. The value of the assets being managed by EAM at the beginning of the month.
    - II. The total amount of earnings and other investment proceeds added to the account during the month.
    - III. The total amount of the additions to the account made by the client during the month.
    - IV. The total amount of withdrawals for brokerage fees and charges made by the broker-dealer that holds the client's investment account.
7. Client's agrees to provide to EAM the investment objectives, financial circumstances and special instructions that the Client wishes EAM to follow when formulating the investment strategy for the Client's portfolio.
- a. Client agrees to immediately notify EAM of any changes in the Client's objectives or circumstances that the Client wants EAM to consider in making investment decisions for the client's account.
  - b. EAM cannot guarantee the future performance of the investment account or any specific level of performance, the success of any investment decision or investment strategy that EAM may use or the success of the overall management of the investment account.
8. Client acknowledges and understands that:
- a. The investment decisions made by EAM for the investment account are subject to various market, political, currency and economic risks, and that as a result of those risks and other factors, the investment decisions of EAM will not always be profitable.
  - b. Past performance is no guarantee of future investment results.
  - c. Investments in stocks, particularly foreign stocks and stocks of smaller companies, present numerous risks, can be very volatile and can result in the loss of principal.
  - d. Foreign investments include risks of currency fluctuation, political and economic instability and differences in financial reporting in addition to the risks in domestic investments.
  - e. Investments in smaller companies may involve greater risks than investments in larger, more mature companies.
  - f. The value of debt securities and the value of securities whose value is influenced by the rate of dividends that they pay frequently is reduced by increases in interest rates.
  - g. Various investment strategies of EAM may be adversely impacted by these risks if the future market conditions are not accurately predicted by EAM.
9. Client agrees that the Liability of EAM is limited except as provided by law. Client further agrees that EAM is not liable to the Client for:
- a. Honest mistakes in judgement or for losses due to those mistakes or any other loss or damage arising out of or based upon any act or commission by EAM, including EAM's effecting or failure to effect any transaction, unless EAM has knowingly violated any applicable law or is found to have engaged in willful misconduct.
  - b. Account performance lower than any particular index, other benchmark or performance of any other investment advisors.
  - c. Any loss arising from EAM's Adherence to the instructions of the Client.
  - d. Any act or failure to act by the Custodian, any broker or dealer to which EAM, in good faith directs transactions for the investment account.
10. The Investment Account will be maintained with a broker dealer or other custodian which has been selected and approved by the Client. EAM will not have any custody of the assets in the account. Client authorizes EAM to give the custodian of the account instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash, cash equivalent or other investment.
11. Client agrees to pay to EAM the following fees for investment management services:
- a. The basic fee for investment management services is one tenth of one percent (1/10 of 1%) per month of the value of the assets in the investment account on the last day of the month.
  - b. Accounts are subject to a minimum monthly fee of Five Hundred Dollars (\$500.00) if the balance of the investment account at the end of the month is less than Five Hundred Thousand Dollars (\$500,000.00).
  - c. All Accounts are subject to a one time Start-Up Fee of \$1,000.00.

- d. If the client terminates this agreement within the first twelve months that the investment account is managed by EAM, the Client agrees to an Termination Fee of 2/10 ths of one percent (2/10 of 1%) of the value of the assets at the first day of the month in which the account is terminated. After the account has been managed for 12 months, there is no Termination fee if and when the account is terminated.
  - e. The basic fee for investment management is reduced by twenty five percent (25%) on that portion of the balance of any investment account which exceeds five Million Dollars (\$5,000,000) on the last day of the month.
  - f. Client authorizes EAM to pay the fees earned by EAM for investment management services, to EAM, from the client's investment account on the last business day of each month.
12. The transfer of assets to a broker dealer or the addition of the investment advisor as an authorized trader of an existing broker dealer account can take several weeks or more. During this time period EAM has no ability to manage or direct the account and accordingly is not responsible for the investment performance of the Client's assets.
13. This agreement will continue until it is terminated by either party. Either party may terminate this agreement at any time by giving written notice of termination to the other party. The termination of this agreement:
- a. Does not affect the liabilities or obligations of the parties from transactions initiated before the termination of the this Agreement.
  - b. Does not affect the validity of any action taken by EAM before the termination of this Agreement.
  - c. Does not affect the obligation of the Client to pay fees to EAM which are prorated up to the date of termination. (Subject to the provisions of paragraph 11d, above.)
  - d. Upon the termination of this agreement, EAM will have no further obligation to recommend investments or to take any further action in regard to the securities, cash and other investments in the Client's Investment Account.
14. This Agreement is entered into by Client on behalf of the client, as well as the Client's heirs, assigns and successors in interest. EAM may not assign or transfer its rights and obligations under this agreement to any other person or entity without the express written consent of the client.
15. This Agreement is entered into at Chatsworth, California and it is subject to the laws of the State of California.
16. Any controversy between the Client and EAM involving this agreement or services rendered under this agreement will be submitted to binding arbitration in Chatsworth, California on the request of any party to such controversy. The arbitration will comply with the arbitration rules of the Los Angeles Superior Court, but will be conducted by the Alternative Resolution Center (ARC) of Los Angeles or the Judicial Arbitration and Mediation Service (JAMS). Each of the parties hereto waive the right to recover punitive or consequential damages from the other party. By signing this agreement the Client waives the right to seek a remedy in court, the right to a jury trial and the right to punitive damages except to the extent otherwise mandated by federal and state securities laws.
17. This Agreement contains the entire Agreement of the parties. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties. If any provision of this Agreement is held in whole or in part to be unenforceable for any reason, the remainder of that provision and of the entire Agreement will be severable and remain in effect. This Agreement may be modified by subsequent Agreement of the parties only by an instrument in writing signed by both of them.

THE PARTES HAVE READ AND UNDERSTOOD THE FOREGOING TERMS AND AGREE TO THEM AS OF THE DATE THE AGREEMENT IS SIGNED.

DATED: \_\_\_\_\_

Client: \_\_\_\_\_

DATED: \_\_\_\_\_

Esquire Asset Management Corporation, by  
BRENT EDWARD VALLENS, President