

STATE OF ILLINOIS )  
 )SS  
COUNTY OF WILL )

IN THE CIRCUIT COURT OF THE TWELFTH JUDICIAL CIRCUIT  
WILL COUNTY, ILLINOIS

GRAPHIC PALLET AND TRANSPORT, INC., et

VS

CASE NO: 11 CH 5653

BALBOA CAPITAL CORPORATION

SUMMONS

To each defendant:

Registered Agent Solutions Inc., as agent for Balboa Capital Corp.  
901 S 2nd Street, Suite 201, Springfield, IL 62704

You are summoned and required to file an answer in this case, or otherwise file your appearance in the Office of the Clerk of this Court

57 N. Ottawa Street Building, Room 213,

Joliet IL 60432, Illinois within 30 days after service

(Address) (City) of this summons, not

counting the day of service. IF YOU FAIL TO DO SO, A JUDGEMENT OR DECREE BY DEFAULT MAY BE TAKEN AGAINST YOU FOR THE RELIEF ASKED IN THE COMPLAINT.

To the officer:

This summons must be returned by the officer or other person to whom it was given for service, with endorsement of service and fees, if any, immediately after service. If service cannot be made, summons shall be returned to endorsed.

This summons may not be served later than 30 days after its date.

NOV 21 2011

WITNESS: \_\_\_\_\_, 20\_\_

(Seal of Court)

PAMELA J. MCGUIRE

PAMELA J. MCGUIRE

Clerk of the Circuit Court

BY: \_\_\_\_\_

(Deputy)

(Plaintiff's Attorney or Plaintiff if he is not represented by an Attorney)

NAME: Momkus McCluskey, LLC

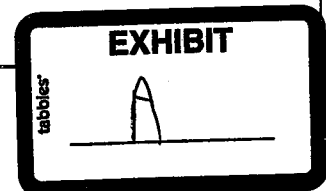
ARDC# 3124754

Attorney for: Plaintiffs

Address: 1001 Warrenville Road, Suite 500

City: Lisle, Illinois 60532

Telephone: 630-434-0400



IN THE CIRCUIT COURT FOR THE TWELFTH JUDICIAL CIRCUIT  
WILL COUNTY, ILLINOIS

FILED

NOV 21 2011

GRAPHIC PALLET AND TRANSPORT, INC., )  
JOHN KRAWISZ, and CHRISTY KRAWISZ, )  
Plaintiffs, )  
v. )

*[Handwritten Signature]*  
CLERK OF COURT  
WILL COUNTY, ILLINOIS

11CH05553

BALBOA CAPITAL CORPORATION, )  
Defendant. )

**VERIFIED COMPLAINT IN CHANCERY**

NOW COME Plaintiffs, GRAPHIC PALLET AND TRANSPORT, INC. (hereinafter, "Graphic Pallet"), JOHN KRAWISZ, and CHRISTY KRAWISZ, by and through their attorneys, MOMKUS McCLUSKEY, LLC, and for their Verified Complaint in Chancery, state as follows:

**STATEMENT OF FACTS**

1. Graphic Pallet is an Illinois corporation located in Will County which, among other things, is in the business of manufacturing pallets.
2. Christy Krawisz is the President of Graphic Pallet.
3. John Krawisz is the Vice President of Graphic Pallet.
4. Defendant, Balboa Capital Corporation (hereinafter, "Balboa"), is a California corporation which, among other things, finances equipment leases.
5. Venue is proper in Will County, Illinois as the contract negotiations at issue took place at Graphic Pallet's office in Will County, Illinois.

Initial case management set for  
3-2-12 at: 9 am / pm  
Will County Court Annex

*[Handwritten Signature]*

6. On or about March 13, 2008, Balboa's Account Executive, Kenny Segin, contacted Graphic Pallet at its Will County office to discuss a potential equipment lease agreement.

7. During this meeting, Kenny Segin represented, on behalf of Balboa, that Balboa would agree to finance the purchase of an Eagle Automated Nailing Machine and semi truck in exchange for thirty-six (36) monthly.

8. Mr. Segin represented that, following the thirty-six (36) month term of the equipment finance lease, Graphic Pallet could purchase the Nailing Machine and semi truck for one dollar (\$1.00).

9. John Krawisz reviewed the draft of the equipment lease agreements drafted by Balboa and questioned the "end of the term" provision which elected the "fair market value purchase" option. Mr. Segin informed him that "fair market value" meant the same thing as "one dollar buy out."

10. Based upon Mr. Segin's representations, Graphic Pallet entered into a lease agreement for the Eagle Automated Nailing Machine (hereinafter, "First Lease Agreement") and semi truck (hereinafter, "Second Lease Agreement") and John Krawisz and Christy Krawisz signed personal guarantees for the lease agreements. A true and accurate copy of the First Lease Agreement is attached hereto as Exhibit A.

11. On or about February 8, 2010, Balboa's Account Executive, Kenny Segin, contacted Graphic Pallet again to discuss an additional potential equipment lease agreement for a saw.

12. At this meeting, Kenny Segin represented, on behalf of Balboa, that Balboa would agree to finance the purchase of a Pacific Trail saw in exchange for sixty (60) monthly payments

and that, at the end of the sixty (60) month lease, Graphic Pallet could purchase the saw for one dollar (\$1.00).

13. Based upon Mr. Segin's representations, Graphic Pallet entered into a lease agreement for the saw (hereinafter, the "Third Lease Agreement") and John Krawisz and Christy Krawisz signed personal guarantees for the lease. A true and accurate copy of the Third Lease Agreement is attached hereto as Exhibit B.

14. According to the terms of the agreements as discussed with Mr. Segin, the First and Second Lease Agreements were set to terminate in April, 2011.

15. Graphic Pallet made regular monthly payments on all the lease agreements through April, 2011.

16. The lease agreements provide that the terms of the agreements are governed by California law. (Exhs. A and B).

17. In May, 2011, Graphic Pallet noticed that, even though the term of the First and Second Lease Agreements had ended, Balboa was still withdrawing monthly payment amounts from Graphic Pallet's bank account. Graphic Pallet contacted Mr. Segin regarding this problem.

18. On June 22, 2011, Mr. Segin spoke to John Krawisz and confirmed that the First and Second Lease Agreements contained dollar buy out provisions and stated that he would fix the problem and have Balboa issue a refund to Graphic Pallet for post-April, 2011 payments.

19. Graphic Pallet did not receive its promised refund and, after June, 2011, Mr. Segin failed to return Graphic Pallet's calls.

20. Graphic Pallet contacted other representatives of Balboa, but was told that Graphic Pallet was governed by a "fair market value purchase" option and that Graphic Pallet would have to continue to make monthly payments under the Lease Agreements for an additional

twelve (12) months and then pay the "fair market value" of the nailing machine and semi trailer in order to purchase the equipment.

**COUNT I**  
**RESCISSION OF CONTRACT**

21. Plaintiffs restate and reallege Paragraphs 1 through 19 of their Verified Complaint in Chancery as if fully set forth herein.

22. Balboa, through its Account Executive, Kenny Segin, represented to Graphic Pallet that its lease agreements were governed by a dollar buy out provision and, at the end of the lease term, Graphic Pallet could purchase the subject equipment for one dollar and without further payments.

23. This representation was made for the purpose of inducing Graphic Pallet to enter into the lease agreements and John and Christy Krawisz to sign individual guarantees.

24. Balboa knew at the time these statements were made that they were false.

25. Plaintiffs reasonably believed Balboa's representations and Graphic Pallet damaged in that additional monies were withdrawn from its bank account after the First and Second Lease Agreements terminated in April, 2011, and in that Balboa refuses to allow Graphic Pallet to purchase the nail machine and semi trailer for one dollar.

WHEREFORE, Plaintiffs, GRAPHIC PALLET AND TRANSPORT, INC., JOHN KRAWISZ; and CHRISTY KRAWISZ, request that this Honorable Court enter an order and judgment rescinding the lease agreements entered into between the parties and the guaranty agreements of John Krawisz and Christy Krawisz, and for any other or further relief that this Court deems just and equitable.

COUNT II  
COMMON LAW FRAUD

*In the Alternative*

26. Plaintiffs restate and reallege Paragraphs 1 through 19 of their Verified Complaint in Chancery as if fully set forth herein.

27. Balboa, through its Account Executive, Kenny Segin, represented to Graphic Pallet that its lease agreements were governed by a one dollar buy out provision and, at the end of the lease term, Graphic Pallet could purchase the subject equipment for one dollar and without further payments.

28. This representation was made for the purpose of inducing Graphic Pallet to enter into the lease agreements and John and Christy Krawisz to enter into individual guarantees.

29. Balboa knew at the time these statements were made that they were false.

30. Plaintiffs reasonably believed Balboa's representations and Graphic Pallet is damaged in that additional monies were withdrawn from its bank account after the First and Second Lease Agreements terminated in April, 2011, and in that Balboa refused to allow Graphic Pallet to purchase the nail machine and semi-trailer for one dollar.

31. Graphic Pallet has communicated with other business entities which have entered into equipment lease agreements with Balboa and have learned that Balboa also falsely represented to these third-parties that their lease agreements contained one dollar buy out provisions, thereby indicating a pattern and practice by Balboa of fraudulently inducing entities into signing equipment lease agreements.

WHEREFORE, Plaintiffs, GRAPHIC PALLET AND TRANSPORT, INC., JOHN KRAWISZ, and CHRISTY KRAWISZ, request that this Honorable Court enter an order and judgment finding the lease agreements entered into between the parties and the guaranty

agreements of John Krawisz and Christy Krawisz void and unenforceable for reason of fraud,  
and for any other or further relief that this Court deems just and equitable.

**COUNT III**

**MISTAKE**

*In the Alternative*

32. ~~Plaintiffs restate and reallege Paragraphs 1 through 19 of their Verified Complaint~~  
in Chancery as if fully set forth herein.

33. Balboa, through its Account Executive, Kenny Segin, represented to Graphic Pallet that its lease agreements were governed by a one dollar buy out provision and, at the end of the lease term, Graphic Pallet could purchase the subject equipment for one dollar and without further payments.

34. At the time of executing the lease agreements, Balboa and Graphic Pallet believed that the lease agreements were governed by a one dollar buy out provision.

WHEREFORE, Plaintiffs, GRAPHIC PALLET AND TRANSPORT, INC., JOHN KRAWISZ, and CHRISTY KRAWISZ, request that this Honorable Court enter an order and judgment finding that the fair market value option contained in the lease agreements entered into by the parties are void and unenforceable for reason of mistake, and for any other or further relief that this Court deems just and equitable.

**COUNT IV**

**VIOLATION OF SECTION 17200 OF THE CALIFORNIA CODE**

*In the Alternative*

35. Plaintiffs restate and reallege Paragraph 1 through 19 of their Verified Complaint in Chancery as if fully set forth herein.

36. Section 17200 of the California Code prohibits "unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising . . ." Cal. Bus. & Prof. Code §17200.

37. Balboa engaged in unlawful, unfair, or fraudulent business activities by repeatedly representing to Graphic Pallet that the lease agreements were governed by a one dollar buy out provision in order to induce Graphic Pallet to enter into the lease agreements and John and Christy Krawisz to enter into the guaranty agreements.

38. Plaintiffs were damaged in that additional monies were withdrawn from Graphic Pallet's bank account after the First and Second Lease Agreements terminated in April, 2011, and in that Balboa refused to allow Graphic Pallet to purchase the nail machine and semi trailer for one dollar.

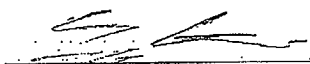
39. Graphic Pallet has communicated with other business entities which have entered into equipment lease agreements with Balboa and have learned that Balboa also falsely represented to these third-parties that their lease agreements contained one dollar buy out provisions, thereby indicating a pattern and practice by Balboa of fraudulently inducing entities into signing equipment lease agreements.

WHEREFORE, Plaintiffs, GRAPHIC PALLET AND TRANSPORT, INC., JOHN KRAWISZ, and CHRISTY KRAWISZ, request that this Honorable Court enter an order and judgment (i) finding the lease agreements to be void and unenforceable, (ii) reimbursing monies withdrawn from Graphic Pallet's bank account after April, 2011, (iii) allowing Graphic Pallet to purchase the subject equipment for one dollar each, and (iv) reimbursing Plaintiffs for attorneys fees and costs incurred in the instant matter, and for any other or further relief that this Court deems just and equitable.



Respectfully Submitted,

MOMKUS McCLUSKEY, LLC

By:   
One of its attorneys

James F. McCluskey  
Lauryn E. Parks  
Momkus McCluskey, LLC  
1001 Warrenville Road, Suite 500  
Lisle, Illinois 60532  
630-434-0400  
Attorneys for Plaintiffs  
Attorney No. 3124754



Lease Agreement (Page 1 of 2)  
Lease Number: 141771-000

**Lessee Information**

Business Name: GRAPHIC PALLET & TRANSPORT, INC.		Business Address: 10225 South Bode STREET Plainfield, IL 60585	Equipment Location Address: (if different than billing address of Lessee) 10225 S. Bode Rd. Plainfield, IL 60585
Business Phone: 630-904-4951	Business Tax ID#:		

**Lease Terms and Conditions**

Monthly Rent (plus applicable taxes): \$1,853.81	Base Term (months): 36	Required Deposit: \$3,707.62	Deposit Applied to: First and Last <u>1</u> Monthly Rentals	Doc Fees: waived
End of Term Option: Fair Market Value Purchase Option				

**Equipment Supplier Information / Equipment Description: "SEE EXHIBIT "A"**

The undersigned agrees that this lease reflects the agreement of the parties, including all terms of the second page of this agreement. For purposes of this Lease Agreement and any schedules attached (Lease), you, and your shall mean the Lessee indicated below, and we, us, and our refer to the Lessor, Balboa Capital Corporation, it's agents, employees and it's successors and assigns.

Signature: Christy A. Krawisz  
Name: Christy Krawisz Title: President Date: 03/13/08

**ACKNOWLEDGED BY: BALBOA CAPITAL CORPORATION**

By: \_\_\_\_\_ Vice President Date: \_\_\_\_\_

**Lease Guaranty**

For purposes of this Guaranty, Lease shall mean the Lease set forth above and on the second page of the Lease Agreement. I/ME/MY shall mean the person making the guaranty and if married, his or her marital community. YOU/YOUR shall mean the Lessor. I agree that I have an interest in the Lessee, economic or otherwise, and that you would not enter into this Lease without this guaranty. I unconditionally guaranty that Lessee will fully and promptly pay all its Obligations under the Lease when they are due and will perform all its other obligations under the Lease even if you modify or renew the Lease. The Lease guaranty will be jointly and severally responsible. You do not have to notify me if the Lessee is in default under the Lease. You may obtain any information from credit reporting agencies you deem necessary to enforce this guaranty. If the Lessee defaults, I will immediately pay all Obligations due under the Lease. I agree that I will not be released or discharged if you: (i) fail to perfect a security interest in or any property which secures the Obligations (Collateral); (ii) fail to protect the Collateral; or (iii) abandon or release the Collateral. I agree that you do not have to proceed first against the Lessee or any Collateral. I hereby waive notice of acceptance of this guaranty and of all other notices or demands of any kind which I may be entitled to. I will reimburse you for all expenses you incur in enforcing your rights against the Lessee or me, including, without limitation, attorneys' fees and costs. I acknowledge that I have read and understood the Lease and this Guaranty. This is an irrevocable, continuing guaranty and binds my heirs, administrators and representatives. I CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION, AT YOUR SOLE OPTION, FOR THE DETERMINATION OF ALL DISPUTES RELATED TO THE LEASE OR THIS GUARANTY. I agree that this guaranty shall be governed by the laws of the State of California. YOU WAIVE TRIAL BY JURY.

Signature: Christy A. Krawisz Name: Christy Krawisz Date: 03/13/08  
Signature: John Krawisz Name: John Krawisz Date: 03/13/08

1. LEASE: You agree to lease from us and we agree to lease to you, the equipment listed above or on any schedule to this Lease (Equipment). You unconditionally promise to pay us the sum of all the rental and other payments indicated above or on any schedule (Rent). You authorize us to insert in this lease any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. All Rent and other payments under this Lease or any other agreement with us (collectively Obligation or Obligations) are payable in U.S. dollars, and may be adjusted upward or downward no more than ten percent (10%) to reflect actual costs. We may, from time to time, in our sole discretion, accept a photocopy or electronically transmitted facsimile copy of this Lease, any Schedules to this Lease, or other Lease documents as the binding and effective record of such agreement(s) whether or not an ink signed counterpart thereof is also received by us from you, provided, however, that no such agreement(s) shall be binding upon us until and unless they are signed by us in any signature line where we are to sign as indicated on the Lease, Schedule or other agreement. Any such photocopy or electronically transmitted facsimile received by us shall, when executed by us, constitute an original document for the purpose of establishing the provisions thereof and shall be legally admissible under the best or original evidence rule and binding on the parties.

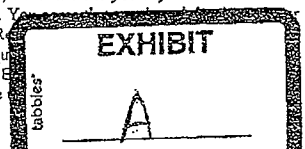
2. TERM OF LEASE: This Lease shall become effective upon acceptance by us by signing and dating this Lease. A prorata portion of the aggregated average of the Rent based on a daily charge or one-thirtieth (1/30) of the Rent from the date the Equipment has been delivered and is usable by you ("Commencement Date") to the end of the month shall be payable at the Commencement Date. The Base Term of this Lease shall begin on the first day of the month following the Commencement Date and terminate upon the expiration of the number of months stated under Base Term, above. Following the Commencement Date, Rent and other Obligation payments are due on the first of each month, payable to a location to be designated in writing. YOUR OBLIGATION TO PAY RENT TO US IS UNCONDITIONAL AND NOT SUBJECT TO ANY REDUCTION, SET-OFF, DEFENSE, OR COUNTERCLAIM AND MAY NOT BE CANCELLED FOR ANY REASON WHATSOEVER. In the event this Lease is not fully completed for any reason beyond our control, all deposits made by you will be retained by us as compensation for documentation, processing and other expenses. We have the right, but not the obligation, to electronically withdraw funds from your bank account to pay for any unpaid Rent, taxes, fees, charges and assessments.

3. PAYMENT OF LEASE OBLIGATIONS: Payment of the Lease Obligation shall be made by electronically withdrawing funds from the bank account on which your deposit check was drawn. You authorize us to debit from this account on which your deposit check was drawn, on or after the 1st day of each month, for scheduled Lease Payments or other amounts due and owing at the time under the Lease. You acknowledge that, if we assign the Lease to a third party, the assignee is authorized to debit the account on which your deposit check was drawn. If you would prefer to authorize us to debit another account, fill in the blanks provided below along with a copy of a voided check from the specified account.

Account Number: \_\_\_\_\_ ABA / Routing Number: \_\_\_\_\_  
Financial Institution Name: \_\_\_\_\_ Initials: Cap

4. NO WARRANTIES; NO AGENCY; WE ARE LEASING THE EQUIPMENT TO YOU AS-IS, WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ORDINARY USE. You understand and agree that we are independent from the vendor, manufacturer and/or supplier (collectively "Supplier(s)") of the Equipment and that neither the Supplier nor any other person is our agent, nor are they authorized to waive or change any term or condition of this Lease. You agree that no

representation, guaranty or warranty by the Supplier or other person is binding on us. So long as you are not in default under any terms of this Lease, we transfer to you any warranties made to us, as the owner of the Equipment, by the Supplier. You will not relieve or excuse your Obligations to us. You will not claim whatsoever against us for any direct, consequential or other damages that you have entered into a maintenance agreement for the Equipment. If a maintenance agreement is included in the Rent, you acknowledge



repairs, or maintenance of the Equipment, and that we are not a party to the maintenance agreement. If you have a dispute regarding maintenance or service then you will nevertheless continue to pay all Obligations as they become due.

5. **UCC-ARTICLE 2A** (whenever the term Article 2A is used herein, it is understood to include equivalent provisions of California Commercial Code Division 10 when California law is applicable): You agree that this Lease is a "Finance Lease" under Article 2A of the Uniform Commercial Code as adopted by the State of California. You acknowledge that (a) we did not select, manufacture or supply the Equipment, but at your request we have purchased the Equipment for lease to you; and (b) based solely on your own judgment, you have selected the Supplier and the Equipment that you are leasing from us. You agree that you have approved any purchase or supply contract with the Supplier before signing this Lease. You may have rights under the supply or purchase contract, and you may contact the Supplier for a description of those rights or any warranties. To the extent permitted by applicable law, YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON YOU UNDER UCC §§ 2A-393 AND 2A-508 THROUGH 2A-522, INCLUDING WITHOUT LIMITATION, THE RIGHT TO REPUDIATE THE LEASE AND REJECT THE EQUIPMENT; REVOKE ACCEPTANCE OF THE LEASE; OR RECOVER DAMAGES FROM US FOR ANY BREACH OF WARRANTY.

6. **DELIVERY OF EQUIPMENT:** You request that we arrange delivery to you at your expense. We may at our discretion confirm by telephone that you have accepted the Equipment and this telephone verification of your acceptance of the Equipment shall have the same effect as a signed Equipment Acceptance.

7. **ASSIGNMENT:** You may not sell, transfer, assign or sublease the Equipment without our prior written approval. We may sell, assign or transfer this Lease without notifying you, and you agree that if we do, the new Lessor will have the same rights and benefits that we now have, and will not have to perform any of our obligations. You agree that the rights of the new Lessor will not be subject to any claims, defenses or setoffs that you may have against us.

8. **OWNERSHIP, RIGHTS AND QUIET ENJOYMENT:** You agree that we are the owner of and have title to the Equipment. You agree, at your expense, to protect and defend our title and other rights to the Equipment. You shall have the right to quiet use and enjoyment of the Equipment for the term of this Lease, provided you are not in default. We also have the right, at reasonable times, to inspect the Equipment at your expense.

9. **CARE, USE AND LOCATION; LOSS OF EQUIPMENT:** You are responsible for installing and keeping the Equipment in good working order and repair. You will keep and use the Equipment only at your address shown on this Lease, only for business or commercial purposes and in compliance with all applicable laws ordinances or regulations. You will not make any alterations to the Equipment without our prior written consent, nor will you permanently attach the Equipment to any real estate. You are responsible for protecting the Equipment from damage, and from any other kind of loss while you have the Equipment or while it is being delivered to you. In the event the Equipment is lost, stolen or damaged then you shall have the option within one week of such event to: (a) repair or replace the Equipment or (b) pay to us the unpaid balance of the remaining Rent under this Lease and our residual interest in the Equipment, discounted to present value at the rate of five percent (5%) plus any other Obligations.

10. **TAXES AND FEES:** You agree to pay when due all taxes, fees, fines, assessments and penalties relating to this Lease or the Equipment, including without limitation, documentation fees, filing fees, credit fees, equipment inspection fees, early termination or assumption fees, title fees, name change fees, sales or property taxes, use taxes and business taxes. You also agree that we may estimate the yearly personal property taxes that will be due for the Equipment, and you agree to pay us the estimated taxes together with a processing fee, on demand.

11. **INDEMNITY:** We are not responsible for any injuries or losses to you or any other person or property caused by the installation, operation, maintenance or use of the Equipment. You agree to reimburse us for and defend us against any claims for such losses or injuries, including, without limitation, those arising out of the negligence, tort or strict liability claims. This indemnity shall continue even after the term of this Lease has expired.

12. **INSURANCE:** During the term of this Lease, Lessee agrees to maintain, at Lessee's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement; and public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Lease or of any subsequent written request. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor deems reasonable to protect Lessor interests ("Lease Insurance"). Lease Insurance covers the Equipment and Lessor; it does not name Lessee as an insured. Lessee agrees to pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include: a premium that may be higher than if Lessee maintained Required Insurance separately; a finance charge of up to the implicit rate of the Lease on any premium advances made by Lessor or Lessors agents; and billing and processing fees; each of which may generate a profit to Lessor and Lessor agents. If Lessee fails to pay billed Insurance Charges within 30 days of their due date, Lessor may pay them by applying funds paid under the Lease or debiting Lessee's account under any previously authorized automatic payment. Lessor shall discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance. Lessee agrees to arbitrate any dispute with Lessor or Lessor agents regarding Lease Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration.

13. **DEFAULT AND REMEDIES:** If you (A) do not pay any Obligation when due; (B) break any of your promises, representations or covenants under this Lease; (C) any guarantor enters (voluntarily or involuntarily) into a bankruptcy proceeding; (D) are a corporation and more than 20% of the issued and outstanding voting capital stock is transferred to or acquired by any person or entity that is not an owner as of the date of this Lease; (E) you change your name, state of incorporation, chief executive office and/or place of residence without providing us with 30 days prior written notice of such change, you will be in default. In the event of a default by you, we can require that you return the Equipment to us and pay to us the remaining balance of all of the Rent due under this Lease, discounted to present value at five percent (5%), together with any other amounts due under this Lease. We can also require that you pay to us our residual interest in the Equipment. Interest shall accrue on all Obligations due us from the date of default until paid at the rate of eighteen percent (18%) per annum, but only to the extent permitted by

law. We shall also be entitled to recover from you all damages caused by that default. We can also use any of the remedies available to us under the UCC or any other law, including repossession of the Equipment or other Collateral. You agree to reimburse us for all charges, costs, expenses and attorney's fees that we have to pay to enforce this Lease or collect the Obligations under this Lease and in any lawsuit or other legal proceeding which we bring or defend. You also agree that in the event of a dispute related to or arising out of this Lease, the Lessor in such dispute shall be entitled to recover its reasonable attorney's fees and costs. If we have to take possession of the Equipment, you agree to pay the cost of repossession, storing, shipping, repairing and selling the Equipment. You agree that we are entitled to abandon the Equipment if we reasonably believe it to be in our best interests.

14. **OTHER RIGHTS:** Time is of the essence in this Lease. You agree that any delay or failure by us to enforce our rights under this Lease or any other agreements shall not prevent us from enforcing any rights at a later time. Both parties intend this Lease to be a valid and legal document, and agree that if any part is determined to be unenforceable, all other parts will remain in full force and effect. You also grant us a security interest in the Equipment and any proceeds of, accessions and attachments to the Equipment as security for your Obligations. You agree that we may file financing statements or other related filings in our name or in the name of any agent designated by us. You hereby authorize us, or our assigns, to file a financing statement without your signature, in form or content and from time to time as we deem proper, listing you as Lessee or Debtor.

15. **LESSEE REPRESENTATIONS AND WARRANTIES:** You hereby represent and warrant that at the time you sign this Lease you are and shall remain a business entity, duly organized, validly existing, and in good standing under the laws of the state of organization, that your exact legal name, state of incorporation, location of your chief executive office and/or your place of residence as applicable, have been correctly identified to us. You further represent and warrant that at the time you sign this Lease the person executing this Lease or any related document on behalf of you or any related guarantor shall be authorized to take such action and bind you and the guarantor to the Lease, and that the execution, delivery and performance of this Lease is duly authorized by your organizational documents and, if necessary, resolutions of your directors and/or shareholders, partners, or managers and/or members.

16. **RETURN OF EQUIPMENT; RENEWAL:** If no default exists or has occurred under this Lease, you may, at the end of the original or any renewal term, purchase all (but not less than all) of the Equipment for a sum set forth on the front of this lease, plus any applicable taxes. If a \$1,000 or \$101 buyout is indicated in the End of Term section on the front of the Lease then, at the end of the Lease Term, you shall purchase the equipment for that amount. If the Fair Market Value Purchase Option is indicated in the End of Term section on the front of this lease then, at least 180 days prior to the end of the original term, you must give us written notice, via certified mail, that you will purchase the Equipment for its fair market value, which we shall determine in our reasonable judgment, or that you will return the equipment to us. If you do not give us such written notice or if you do not purchase or deliver the equipment in accordance with the terms and conditions of this Lease, then this Lease shall automatically renew for a 12 month term, and thereafter renew for successive 3 month terms until you deliver the Equipment to us. During such renewal(s), the Rent shall be the highest monthly rate set forth in this Lease. We may cancel the renewal by sending you written notice 90 days prior to such renewal term. This End of Term option may become null and void at our discretion if any Event of Default occurs or continues at any time during the original term of the Lease. Upon payment of End of Term option price, and if no default exists, we shall transfer our interest in the Equipment to you "AS-IS, WHERE IS" without any representation or warranty whatsoever and this Lease will terminate. Provided you have given the required notice, and are not then in default, you shall return the Equipment, freight and insurance prepaid to us in good repair, condition, and working order, ordinary wear and tear excepted, in a manner and to a location designated by us. Until the End of Term Option price is actually paid, you will be responsible to continue to pay rent at the monthly rate set forth in this Lease.

17. **LATE CHARGE; FEES:** If any part of any Obligation is not made by you within five (5) days of its due date, you agree to pay us fifteen percent (15%) of each such late payment (to the extent permitted by law).

18. **ENTIRE AGREEMENT; CHANGES:** This Lease contains the entire agreement between you and us, and it may not be altered, amended, modified, terminated or otherwise changed except in writing and signed by both you and us. A limiting endorsement on a check or other form or payment will not be effective to modify the Obligations or any of the other terms and conditions of this Lease, and we may apply any payment received without being bound by such limiting endorsements.

19. **COMPLIANCE; NOTICES:** In the event you fail to comply with any terms of this Lease, we can, but we do not have to, take any action necessary to effect your compliance. If we are required to pay any amount to obtain your compliance, the amount we pay plus all of our expenses in causing your compliance, shall become additional Obligations. This Lease is for the benefit of and is binding upon you and your personal representatives, successors and assigns.

20. **CHOICE OF LAW; JURISDICTION:** YOU AND WE AGREE THAT THIS LEASE SHALL BE BINDING WHEN ACCEPTED IN WRITING BY US AT OUR OFFICES AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU AND WE EACH CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION FOR THE DETERMINATION OF ALL DISPUTES ARISING UNDER THIS LEASE. YOU WAIVE TRIAL BY JURY IN ANY ACTION BETWEEN US.

21. **REPRESENTATIONS AND COVENANT OF LESSEE:** You represent that all financial and other information furnished to us was, at the time of delivery, true and correct. During the term of this Lease, you shall provide us with such interim or annual financial statements and filed tax returns as we request.

22. **COUNTERPARTS:** If this document was sent electronically, you hereby warrant that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all such alterations or revisions non-binding and void. Only one counterpart of the Lease and of each Schedule or Addenda shall bear our ink signed signature and shall be marked "Original". To the extent that any Lease, Schedule or Addenda constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Lease, Schedule, or Addenda that bears our ink signed signature and is marked "Original".

Lease Number: 141771-000

Initials

*Cal*  
*John*

SL200B



**DELIVERY AND ACCEPTANCE CERTIFICATE**

Lease # 141771-000

By signing below, you, the Lessee, agree:

- a. That all Equipment described in the Lease identified above has been delivered, inspected, installed and is unconditionally and irrevocably accepted by you as satisfactory for all purposes of the Lease; and
- b. That we, **BALBOA CAPITAL CORPORATION**, are authorized to purchase the Equipment and start billing you under the Lease as set forth in Section 2.

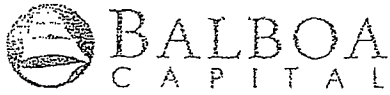
Date of Acceptance: \_\_\_\_\_

Lessee Name: GRAPHIC PALLET & TRANSPORT, INC.

Signature: *Christy A. Krawisz*  
 Name: Christy Krawisz  
 Title: President

I hereby authorize John Krawisz to orally verify my/our acceptance of the equipment subject to Lease Agreement # 141771-000 in my absence

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."



**COPY OF DRIVERS LICENSE**

Lease Number: 141771-000

Lessee Name: GRAPHIC PALLET & TRANSPORT, INC.

Please include a copy of your driver's license; with picture and signature, or another form of photo identification with signature.

Please provide a copy from the following individuals:

Signor	<u>Christy Krawisz</u>
PG 1	<u>Christy Krawisz</u>
PG 2	<u>John Krawisz</u>
PG 3	_____
PG 4	_____

Place copy of Driver's License(s) below:



EXHIBIT 'A'  
EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # 141771-000 By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

EQUIPMENT DESCRIPTION	INVOICE #	INVOICE DATE	VENDOR NAME
<p>1. Eagle Automated Nailing Machine            (Invoice will be faxed to you            on 3/17/08)</p>			

Lease Number 141771-000

Lessee Name GRAPHIC PALLET & TRANSPORT, INC.

By: Christy A. Krawisz  
 Name: Christy Krawisz  
 Title: President  
 Date: 03/13/08

Page 1 of 1

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."



Lease Agreement (Page 1 of 2)

Lease Number: 141771-003

Business Name: GRAPHIC PALLET & TRANSPORT, INC.		Business Address: 10225 South Road 61RRE I Plainfield, IL 60585		Equipment Location Address: (if different than billing address of Lessee)
Business Phone: 630-904-4951	Business Tax ID#: 36-4005568			

Monthly Rent (plus applicable taxes):	Base Term (months):	Required Deposit	Deposit Applied to:	Doc Fees:
\$1,247.55	60	\$2,495.10	First and Last + Monthly Rentals	\$250.00

Equipment Supplier Information / Equipment Description: SEE EXHIBIT "A"

The undersigned agrees that this lease reflects the agreement of the parties, including all terms of the second page of this agreement. For purposes of this Lease Agreement and any schedules attached (if any), you, and your shall mean the Lessee indicated below, and we, us, and our refer to the Lessor, Balboa Capital Corporation, its agents, employees and its successors and assigns.

Signature: Christy A. Krawisz  
 Name: Christy Krawisz Title: President Date: 02/08/10

ACKNOWLEDGED BY: BALBOA CAPITAL CORPORATION  
 By: [Signature] Vice President Date: 2/08/10

**Lease Guaranty**

For purposes of this Guaranty, Lease shall mean the Lease set forth above and on the second page of the Lease Agreement. I/MS/MY shall mean the person making the guaranty and if married, his or her marital community YOU/YOUR shall mean the Lessor. I agree that I have an interest in the Lessee, economic or otherwise, and that you would not enter into this Lease without this guaranty. I unconditionally guaranty that Lessee will fully and promptly pay all its Obligations under the Lease when they are due and will perform all its other Obligations under the Lease even if you modify or renew the Lease. The Lease guaranty will be jointly and severally responsible. You do not have to notify me if the Lessee is in default under the Lease. You may obtain any information from credit reporting agencies you deem necessary to enforce this guaranty. If the Lessee defaults, I will reimburse you for all expenses you incur in enforcing your rights against the Lessee or me, including, without limitation, attorneys' fees and costs. I acknowledge that I have read and understood the Lease and this Guaranty. This is an irrevocable, continuing guaranty and binds my heirs, administrators and representatives. I CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION, AT YOUR SOLE OPTION, FOR THE DETERMINATION OF ALL DISPUTES RELATED TO THE LEASE OR THIS GUARANTY. I agree that this guaranty shall be governed by the laws of the State of California. YOU WAIVE TRIAL BY JURY.

Signature: Christy A. Krawisz Name: Christy Krawisz Date: 02/08/10 Home Phone: \_\_\_\_\_  
 Signature: [Signature] Name: John Krawisz Date: 02/08/10 Home Phone: 630-904-4951

1. LEASE: You agree to lease from us and we agree to lease to you, the equipment listed above or on any schedule to this Lease (Equipment). You unconditionally promise to pay us the sum of all the rental and other payments indicated above or on any schedule (Rent). You authorize us to insert in this Lease any serial numbers and other identification data about the Equipment, as well as any other omitted factual matters. All Rent and other payments under this Lease or any other agreement with us (collectively Obligation or Obligations) are payable in US dollars, and may be adjusted upward or downward no more than ten percent (10%) to reflect actual costs. We may from time to time, in our sole discretion, accept a photocopy or electronically transmitted facsimile copy of this Lease, any Schedules to this Lease, or other Lease documents as the binding and effective record of such agreement(s) whether or not an ink signed counterpart thereof is also received by us from you, provided, however, that no such agreement(s) shall be binding upon us until and unless they are signed by us to my signature line where we are to sign as indicated on the Lease, Schedule or other agreement. Any such photocopy or electronically transmitted facsimile received by us shall, when executed by us, constitute an original document for the purpose of establishing the provisions thereof and shall be legally admissible under the best or original evidence rule and binding on the parties.

2. TERM OF LEASE: This Lease shall become effective upon acceptance by us by signing and dating this Lease. A prorata portion of the aggregated average of the Rent based on a daily charge of one-thirtieth (1/30) of the Rent from the date the Equipment has been delivered and accepted by you ("Commencement Date") to the first day of the Base Term shall be payable at the Commencement Date. The Base Term of this Lease shall begin, at our sole discretion, on a date not more than 30 days following the Commencement Date and terminates upon the expiration of the number of months stated under Base Term, above. Following the Commencement Date, Rent and other Obligation payments are due on the same day of each month as the first day of the Base Term, payable to a location to be designated in writing. YOUR OBLIGATION TO PAY RENT TO US IS UNCONDITIONAL AND NOT SUBJECT TO ANY REDUCTION, SET-OFF, DEFENSE, OR COUNTERCLAIM AND MAY NOT BE CANCELLED FOR ANY REASON WHATSOEVER. In the event this Lease is not fully completed for any reason beyond our control, all deposits made by you will be retained by us as compensation for documentation, processing and other expenses. We have the right but not the obligation, to electronically withdraw funds from your bank account to pay for any unpaid Rent, taxes, fees, charges and assessments.

3. PAYMENT OF LEASE OBLIGATIONS: Payment of the Lease Obligation shall be made by electronically withdrawing funds from the bank account on which your deposit check was drawn. You authorize us to debit from this account on which your deposit check was drawn, on or after the 1st day of each month, for scheduled Lease Payments or other amounts due and owing at the time under the Lease. You acknowledge that, if we assign the Lease to a third party the assignee is authorized to debit the account on which your deposit check was drawn. If you would prefer to authorize us to debit another account fill in the blanks provided below along with a copy of a voided check from the specified account.

Account Number: \_\_\_\_\_ ABA / Routing Number: \_\_\_\_\_  
 Financial Institution Name: \_\_\_\_\_ Initials: [Signature]

4. NO WARRANTIES; NO AGENCY; WE ARE LEASING THE EQUIPMENT TO YOU AS-IS, WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR ORDINARY USE. You understand and agree that we are independent from the vendor, manufacturer and/or supplier (collectively "Supplier(s)") of the Equipment and that neither the Supplier nor any other person is our agent, nor are they authorized to waive or change any term or condition of this Lease. You agree that no

representation, guaranty or warranty by the Supplier or other person is binding on us. So long as you are not in default under any terms of this Lease, we transfer to you any warranties made to us, as the owner of the Equipment, by the Supplier. You agree that any breach by the Supplier will not relieve or excuse your Obligations to us. Regardless of cause, you will not assert any claim whatsoever against us for any direct, consequential, special or punitive damages. If you have entered into a maintenance agreement for the Equipment, you acknowledge that we



repairs, or maintenance of the Equipment, and that we are not a party to the maintenance agreement. If you have a dispute regarding maintenance or service then you will nevertheless continue to pay all Obligations as they become due.

5. **UCC-ARTICLE 2A** (whenever the term Article 2A is used herein, it is understood to include equivalent provisions of California Commercial Code Division 10 which California law is applicable). You agree that this Lease is a "Finance Lease" under Article 2A of the Uniform Commercial Code as adopted by the State of California. You acknowledge that (a) we did not select, manufacture or supply the Equipment, but at your request we have purchased the Equipment for lease to you, and (b) based solely on your own judgment, you have selected the Supplier and the Equipment that you are leasing from us. You agree that you have approved any purchase or supply contract with the Supplier before signing this Lease. You may have rights under the supply or purchase contract, and you may contact the Supplier for a description of those rights or any warranties. To the extent permitted by applicable law, YOU WAIVE ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON YOU UNDER UCCSS 2A-393 AND 2A-508 THROUGH 2A-522, INCLUDING WITHOUT LIMITATION, THE RIGHT TO REPUDIATE THE LEASE AND REJECT THE EQUIPMENT; REVOKE ACCEPTANCE OF THE LEASE; OR RECOVER DAMAGES FROM US FOR ANY BREACH OF WARRANTY.

6. **DELIVERY OF EQUIPMENT:** You request that we arrange delivery to you at your expense. We may at our discretion confirm by telephone that you have accepted the Equipment, and this telephone verification of your acceptance of the Equipment shall have the same effect as a signed Delivery and Acceptance Certificate.

7. **ASSIGNMENT:** You may not sell, transfer, assign or sublease the Equipment without our prior written approval. We may sell, assign or transfer this Lease without notifying you; and you agree that if we do, the new Lessor will have the same rights and benefits that we now have, and will not have to perform any of our obligations. You agree that the rights of the new Lessor will not be subject to any claims, defenses or setoffs that you may have against us.

8. **OWNERSHIP, RIGHTS AND QUIET ENJOYMENT:** You agree that we are the owner of, and have title to the Equipment or in the case of software, the assignment or the rights to the assignment of the software and/or its license(s). You agree, at your expense, to protect and defend our title and other rights to the Equipment. You shall have the right to quiet use and enjoyment of the Equipment for the term of this Lease, provided you are not in default. We also have the right, at reasonable times, to inspect the Equipment at your expense.

9. **CARE, USE AND LOCATION; LOSS OF EQUIPMENT:** You are responsible for installing and keeping the Equipment in good working order and repair. You will keep and use the Equipment only at your address shown on this Lease, only for business or commercial purposes and in compliance with all applicable laws, ordinances or regulations. You will not make any alterations to the Equipment without our prior written consent, nor will you permanently attach the Equipment to any real estate. You are responsible for protecting the Equipment from damage, and from any other kind of loss while you have the Equipment or while it is being delivered to you. In the event the Equipment is lost, stolen or damaged then you shall have the option within one week of such event to: (a) repair or replace the Equipment or (b) pay to us the unpaid balance of the remaining Rent under this Lease and our residual interest in the Equipment discounted to present value at the rate of five percent (5%) plus any other Obligations.

10. **TAXES AND FEES:** You agree to pay when due all taxes (including personal property tax, fines and penalties) and fees relating to this Agreement or the Equipment. If we pay any of the above for you, you agree to reimburse us and to pay us a processing fee for each payment we make on your behalf. In addition, you also agree to pay us any filing fees prescribed by the Uniform Commercial Code or other law and reimburse us for all costs and expenses involved in documenting and servicing this transaction. You further agree to pay us an origination fee on or before the date the first payment is due. You also acknowledge that in addition to the lease payments, we may assess and you may be required to pay additional taxes and/or fees. Such fees may not only cover our costs they may also include a profit.

11. **INDEMNITY:** We are not responsible for any injuries or losses to you or any other person or property caused by the installation, operation, maintenance or use of the Equipment. You agree to reimburse us for and defend us against any claims for such losses or injuries, including, without limitation, those arising out of the negligence, tort or strict liability claims. This indemnity shall continue even after the term of this Lease has expired.

12. **INSURANCE:** During the term of this Lease, Lessee agrees to maintain, at Lessee's expense, "Special Form" property insurance protecting the Equipment for its full replacement value, naming Lessor as a loss payee on a "Lender's Loss Payable" endorsement, and public liability insurance, in amounts acceptable to Lessor, naming Lessor as an additional insured (together "Required Insurance"). Lessee must provide Lessor satisfactory written evidence of Required Insurance within thirty (30) days of the commencement date of this Lease or of any subsequent written request. If Lessee does not do so, Lessor may obtain insurance from an insurer of Lessor's choosing in such forms and amounts as Lessor deems reasonable to protect Lessor interests ("Lease Insurance"). Lease Insurance covers the Equipment and Lessor; it does not name Lessee as an insured. Lessee agrees to pay Lessor periodic charges for Lease Insurance ("Insurance Charges") that include a premium that may be higher than if Lessee maintained Required Insurance separately, a finance charge of up to the implicit rate of the Lease on any premium advances made by Lessor or Lessor's agents; and billing and processing fees; each of which may generate a profit to Lessor and Lessor's agents. If Lessee fails to pay billed Insurance Charges within 30 days of their due date, Lessor may pay them by applying funds paid under the Lease or debiting Lessee's account under any previously authorized automatic payment. Lessor shall discontinue billing Insurance Charges upon receipt of satisfactory evidence of Required Insurance. Lessee agrees to arbitrate any dispute with Lessor or Lessor agents regarding Lease Insurance or Insurance Charges under the rules of the American Arbitration Association in Los Angeles, California; provided however, such agreement does not authorize class action arbitration.

13. **DEFAULT AND REMEDIES:** If you (A) do not pay any Obligation when due, (B) break any of your promises, representations or covenants under this Lease; (C) any guarantor enters (voluntarily or involuntarily) into a bankruptcy proceeding; (D) are a corporation and more than 20% of the issued and outstanding voting capital stock is transferred to or acquired by any person or entity that is not an owner as of the date of this Lease; (E) you change your name, state of incorporation, chief executive office and/or place of residence without providing us with 30 days prior written notice of such change, you will be in default. In the event of a default by you, we can require that you return the Equipment to us and pay to us the remaining balance of all of

the Rent due under this Lease, discounted to present value at five percent (5%), together with any other amounts due under this Lease. We can also require that you pay to us our residual interest in the Equipment. Interest shall accrue on all Obligations due us from the date of default until paid at the rate of eighteen percent (18%) per annum, but only to the extent permitted by law. We shall also be entitled to recover from you all damages caused by the default. We can also use any of the remedies available to us under the UCC or any other law, including repossession of the Equipment or other collateral. You agree to reimburse us for all charges, costs, expenses and attorney's fees that we have to pay to enforce this Lease or collect the Obligations under this Lease and in any lawsuit or other legal proceeding which we bring or defend. You also agree that in the event of a dispute related to or arising out of this Lease, the Lessor in such dispute shall be entitled to recover its reasonable attorney's fees and costs. If we have to take possession of the Equipment, you agree to pay the cost of repossession, storing, shipping, repairing and selling the Equipment. You agree that we are entitled to abandon the Equipment if we reasonably believe it to be in our best interests.

14. **OTHER RIGHTS:** Time is of the essence in this Lease. You agree that any delay or failure by us to enforce our rights under this Lease or any other agreements shall not prevent us from enforcing any rights at a later time. Both parties intend this Lease to be a valid and legal document "and agree that if any part is determined to be unenforceable, all other parts will remain in full force and effect. You also grant us a security interest in the Equipment and any proceeds of, accessions and attachments to the Equipment as security for your Obligations. You agree that we may file financing statements or other related filings in our name or in the name of any agent designated by us. You hereby authorize us, or our assigns, to file a financing statement without your signature, in form or content and from time to time as we deem proper, listing you as Lessee or Debtor.

15. **LESSEE REPRESENTATIONS AND WARRANTIES:** You hereby represent and warrant that at the time you sign this Lease you are and shall remain a business entity duly organized, validly existing, and in good standing under the laws of the state of organization, that your exact legal name, state of incorporation, location of your chief executive office and/or your place of residence, as applicable, have been correctly identified to us. You further represent and warrant that at the time you sign this Lease the person executing this Lease or any related document on behalf of you or any related guarantor shall be authorized to take such action and bind you and the guarantor to the Lease, and that the execution, delivery and performance of this Lease is duly authorized by your organizational documents and, if necessary, resolutions of your directors and/or shareholders, partners, or managers and/or members.

16. **RETURN OF EQUIPMENT; RENEWAL:** If no default exists or has occurred under this Lease, you may, at the end of the original or any renewal term, purchase all (but not less than all) of the Equipment. At least 180 days but no more than 270 days prior to the end of the original Lease term, you must give us written notice, via certified mail, that you will purchase the Equipment for its fair market value, which we shall determine in our reasonable judgment or that you will return the equipment to us. If you do not give us such written notice or if you do not purchase or deliver the equipment in accordance with the terms and conditions of this Lease, then this Lease shall automatically renew for a 12 month term, and thereafter renew for successive 6 month terms until you deliver the Equipment to us. During such renewal(s), the Rent shall be the highest monthly rate set forth in this Lease. We may cancel the renewal by sending you written notice 90 days prior to such renewal term. This end of term option may become null and void at our discretion if any Event of Default occurs or continues at any time during the original term of the Lease. Upon payment of end of term option plus any applicable taxes, and if no default exists, we shall transfer our interest in the Equipment to you "AS-IS, WHERE IS" without any representation or warranty whatsoever and this Lease will terminate. Provided you have given the required notice, and are not then in default, you shall return the Equipment, freight and insurance prepaid to us in good repair, condition and working order, ordinary wear and tear excepted, in a manner and to a location designated by us. Until the end of term option price is actually paid you will be responsible to continue to pay rent at the monthly rate set forth in this Lease.

17. **LATE CHARGE FEES:** If any part of any Obligation is not made by you within three (3) days of its due date, you agree to pay us eighteen percent (18%) of each such late payment (to the extent permitted by law).

18. **ENTIRE AGREEMENT; CHANGES:** This Lease contains the entire agreement between you and us, and it may not be altered, amended, modified, terminated or otherwise changed except in writing and signed by both you and us. A limiting endorsement on a check or other form of payment will not be effective to modify the Obligations or any of the other terms and conditions of this Lease, and we may apply any payment received without being bound by such limiting endorsements.

19. **COMPLIANCE; NOTICES:** In the event you fail to comply with any terms of this Lease, we can, but we do not have to, take any action necessary to effect your compliance. If we are required to pay any amount to obtain your compliance, the amount we pay plus all of our expenses in causing your compliance, shall become additional Obligations. This Lease is for the benefit of and is binding upon you and your personal representatives, successors and assigns.

20. **CHOICE OF LAW; JURISDICTION; YOU AND WE AGREE THAT THIS LEASE SHALL BE BINDING WHEN ACCEPTED IN WRITING BY US AT OUR OFFICES AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA. YOU AND WE EACH CONSENT TO THE JURISDICTION OF THE COURTS OF ORANGE COUNTY, CALIFORNIA AND/OR THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION FOR THE DETERMINATION OF ALL DISPUTES ARISING UNDER THIS LEASE YOU WAIVE TRIAL BY JURY IN ANY ACTION BETWEEN US.**

21. **REPRESENTATIONS AND COVENANT OF LESSEE:** You represent that all financial and other information furnished to us was, at the time of delivery, true and correct. During the term of this Lease, you shall provide us with such interim or annual financial statements and filed tax returns as we request.

22. **COUNTERPARTS:** If this document was sent electronically, you hereby warrant that this document has not been altered in any way. Any alteration or revision to any part of this or any attached documents will make all such alterations or revisions non-binding and void. Only one counterpart of the Lease and of each Schedule or Addenda shall bear our ink signed signature and shall be marked "Original". To the extent that any Lease, Schedule or Addenda constitute chattel paper (as that term is defined by the Uniform Commercial Code), a security interest may only be created in the Lease Schedule, or Addenda that bears our ink signed signature and is marked "Original".

Lease Number: 141773-003

Initials

SL203D





DELIVERY AND ACCEPTANCE CERTIFICATE

Lease # 141771-003

By signing below, you, the Lessee, agree:

- a. That all Equipment described in the Lease identified above has been delivered, inspected, installed and is unconditionally and irrevocably accepted by you as satisfactory for all purposes of the Lease; and
- b. That we, **BALBOA CAPITAL CORPORATION**, are authorized to purchase the Equipment and start billing you under the Lease as set forth in Section 2.

Date of Acceptance: \_\_\_\_\_

Lessee Name: GRAPHIC PALLET & TRANSPORT, INC.

Signature: *Christy A. Krawisz*  
 Name: Christy Krawisz  
 Title: President

I hereby authorize John Krawisz to orally verify my/our acceptance of the equipment subject to Lease Agreement # 141771-003 in my absence

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

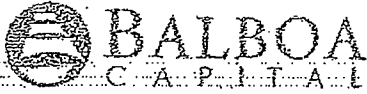
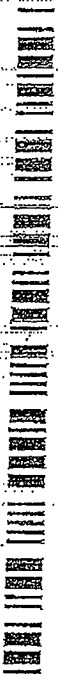


EXHIBIT "A"  
EQUIPMENT DESCRIPTION

The following invoice(s) are referenced, and hereby incorporated, for the purpose of describing the equipment subject to lease agreement # 141771-003. By signing below, I, the lessee, acknowledge that I choose to lease the equipment listed on the invoice(s) per the payment schedule and the terms and conditions set out in lease agreement, which is the governing document to this lease regardless of the price and terms (if any) indicated on the invoice(s).

EQUIPMENT DESCRIPTION	INVOICE #	INVOICE DATE	VENDOR NAME
See Invoice(s) attached hereto as Exhibit "A1" and incorporated herein by this reference.			
Vendor:	Pacific Trail Manufacturing Inc 6532 SE Crosswhite Way Portland, OR 97208		
Invoice #	18204		



Lease Number 141771-003

Lessee Name GRAPHIC PALLET & TRANSPORT, INC.

By: *Christy A Krawisz*  
Name: Christy Krawisz  
Title: President  
Date: 02/08/10

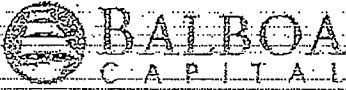
Page 1 of 1

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

02/18/10 THU 15:06 FAX 16309046270

GRAPHIC PALLET

002



### Company Resolution

I, John Krawisz, the duly elected and qualified Vice-President of GRAPHIC PALLET & TRANSPORT, INC. (the "Company"), hereby certify that Company's exact legal name, state of incorporation/organization, location of its chief executive office and/or its place of residence, as applicable, have been correctly identified to Balboa Capital Corporation, and that at a duly constituted meeting of the Board of Directors/Officers/Members/Partners of the Company, the Board resolved that the following individuals:

<u>Name</u>	<u>Title</u>
<u>Christy Krawisz</u>	<u>President</u>

is/are authorized for, on behalf of and in the name of this Company, to negotiate, procure and execute such Lease Agreements and any other documents in connection with same, which in his/her opinion are necessary or advisable to effectuate the most favorable interests of the Company, and the execution of such documents by said officer shall be conclusive evidence of his/her approval thereof.

IN WITNESS WHEREOF, I have affixed my name as Vice-President of the Company on 02/08/10

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

Legal Name of Company: GRAPHIC PALLET & TRANSPORT, INC.

By: *John Krawisz*  
Name: John Krawisz  
Title: Vice-President

Date: 02/08/10

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GRAPHIC PALLET

001



**DISCLAIMER OF OWNERSHIP**

Pursuant to Lease Agreement 141771-003 dated \_\_\_\_\_ between BALBOA CAPITAL CORPORATION (the "Lessor") and GRAPHIC PALLET & TRANSPORT, INC. (the "Lessee") the undersigned (the "Lessee") proposes to be the Lessee of certain equipment from Lessor.

The Equipment will be purchased by Lessor from the following "Vendor(s)":

Pacific Trail Manufacturing Inc.  
\_\_\_\_\_  
\_\_\_\_\_

Lessee has made full/partial payment to the Vendor(s) as part of the original purchase order, and it is contemplated that, upon Lessor's receipt of all necessary documentation and satisfaction of all conditions to Lessor entering into the Lease, Lessor shall receive a bill of sale, or other document of title, from the Vendor(s) covering 100% interest in the Equipment.

The Lessee, being satisfied that its payments under the Lease are based solely upon Lessor's payment to Vendor(s) and not Lessee's payment, hereby consents to the Vendor(s) transferring the entire ownership in the Equipment to Lessor, and, effective on the actual transfer of the Equipment to Lessor, disclaims any ownership interest or rights in the Equipment except those the Lessee has by virtue of being the Lessee under the Lease.

"Delivery of this document bearing a facsimile signature or signatures shall have the same force and effect as if the document bore an original signature."

LESSEE:  
GRAPHIC PALLET & TRANSPORT, INC.

By: *Christy Krawisz*

Name: Christy Krawisz  
Title: President

Date: 02/25/10

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