

PERSONNEL SERVICES AGREEMENT

This Agreement, dated as of 7/15/2009 10:41 AM, is between FSI Processing, Inc. ("Employer"), a California corporation located at 500 South Sepulveda Boulevard, Los Angeles, California, 90049 and Short Films on behalf of itself and its production affiliates (collectively, "Client"), located at 97-99 Dean Street, London, W1D3TE.

WHEREAS Employer is in the business of providing personnel ("Personnel"), payroll, and Residual payment services ("Personnel Services") for commercial television and theatrical motion picture productions; whereas Client desires to obtain Personnel Services from Employer and whereas Employer desires to provide Personnel Services to Client in connection with certain commercial, theatrical motion picture and/or television productions as set forth in the "Service Schedule" attached hereto (the "Project"); and such other Service Schedule(s) as to which the parties may agree, which shall be attached to the Payroll Confirmation Agreements in connection with any additional Project(s).

Client hereby engages Employer to be its sole provider of Personnel Services for the Project, on the terms and condition set forth herein and in the attached "Service Schedule," "Rate Schedule," and "Personnel Services Agreement Standard Provisions," all of which are incorporated herein by this reference and which collectively, with the provisions set forth above, constitute and are referred to as the "Personnel Services Agreement."

In consideration of the mutual covenants contained in the Personnel Services Agreement and in witness hereof, the parties have executed this Agreement as of the day and year specified above.

FSI Processing, Inc.

Short Films

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

FSI Processing, Inc.

SERVICE SCHEDULE

Short Films

Project Name: Various
Type of Production: Commercial
Date: 7/15/09
Contact: Tanya Harris

APPLICABLE AGREEMENT	SIGNATORY		SERVICES		STARTING DATE
	Employer	Client	Payroll	Residuals	
SAG					
DGA					
WGA					
IATSE BA					
IATSE LOCAL					
IATSE LOCAL					
TEAMSTER 399					
TEAMSTER____					
AFM					
AFTRA					

*** Check applicable category. Blank column will indicate not applicable.**

**** Payments to AFM Special Payments Fund**

Short Films verifies that the above parties are signatories to the indicated collective bargaining agreements and, where the Employer, FSI Processing, Inc., is the signatory, Short Films desires that Employer use its signatory status in providing Personnel Services. By execution of this Service Schedule, Short Films confirms that it is bound by all of the terms and conditions stated in the Personnel Services Agreement between Short Films and FSI Processing, Inc.

FSI Processing, Inc.

Short Films

By: _____
Print: _____
Title: _____

By: _____
Print: _____
Title: _____

FSI Processing, Inc.

RATE SCHEDULE

Short Films

Effective Date 1/1/09 – 12/31/09

OASDI	6.20%	CEILING	\$106,800.00
MEDICARE	1.45%		
FUI	.80%	CEILING	\$7,000.00
SUI	10.20%	CEILING	\$8,500.00

WORKERS' COMPENSATION - NY

TALENT	3.09%	WEEKLY CAP	\$4,325.00
CREW	3.09%	“	“
EDITORIAL	1.89%	“	“
CLERICAL	1.67%	“	“
FOREIGN	7.72%	“	\$1,725.00

HANDLING FEE PER:

EMPLOYEE/CREW	2.00% of Gross Wages
TALENT	5.00% of Gross Wages
CORPORATIONS	\$10.00 Per Check

Rates valid for 2009 subject to government changes to payroll taxes and insurance carrier changes to Workers' Compensation rates. Note rates do not include Union Pension, Health & Welfare, Vacation or Holiday. This rate schedule is bound by all conditions and stipulations stated in the Personnel Services Agreement dated 7/15/09 between Short Films and FSI Processing, Inc. and as such considered attached to that agreement.

PERSONNEL SERVICES AGREEMENT

STANDARD PROVISIONS

In consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Engagement: Employer and its affiliates shall be the sole supplier to Client of Personnel Services for Personnel on the project(s) designated on the Service and Rate Schedules attached hereto. It is expressly agreed that within the scope of this Agreement, the status of Employer and Personnel supplied hereunder is that of employer and employee, and Client hereby accepts such Personnel as a recipient of Personnel Services on the terms and conditions and subject to the provisions hereof.

2. Direction and Control: Client may determine and control day-to-day activities of the Personnel, but the right to hire, discharge, reprimand, direct, control and supervise the Personnel supplied by Employer herein shall remain with Employer. Employer may, at its election, designate one or more on-site supervisors to direct the day-to-day activities of the Personnel.

3. Collective Bargaining Agreements: Each party hereto warrants that the parties indicated in the attached Service Schedule(s) (and in any Service Schedule(s) that may be entered into hereafter) are signatory to the indicated collective bargaining agreement(s), which will govern the employment of the Personnel supplied hereunder. Personnel shall be compensated in accordance with the applicable collective bargaining agreement(s) and/or any applicable personal service contracts. To the extent there is any inconsistency between the terms of this Agreement and any applicable collective bargaining agreement the collective bargaining agreement(s) shall prevail.

4. Activation of and Term of Agreement: The Employer's obligations under this Agreement shall become effective only upon the execution of the Agreement including the attached Service Schedule(s), and Employer shall have no obligation to process any payroll under this Agreement until it receives the fully executed Agreement and the Service Schedule(s). Notwithstanding the foregoing, in the event that Client submits payroll and Employer processes it before the formal execution of this Agreement, **-the terms of this Agreement shall become effective as of the first day for which the Employer delivers the payroll-** subject to such changes as the parties may agree upon in writing after good faith negotiations. This Agreement shall continue in effect for the term set forth in the Service Schedule(s) unless terminated by either party as otherwise provided hereunder. Any subsequent Service Schedule(s) shall become effective under the same circumstances. Additional requirement(s) for the Project(s) will be evidenced only by the execution of a new Service Schedule(s) describing the periods of time for such additional requirement(s); this Agreement will not be extended, reinitiated or revived by the issuance by Employer to Client of newsletters, postcards, software updates, or any communication short of a new Service Schedule.

5. Termination: Employer shall have the right to immediately terminate its obligations under this Agreement if Client breaches any of its obligations hereunder. Either Party shall have the right to terminate the Agreement upon five (5) days written notification thereof, regardless of whether a breach has occurred. Should such notification be made in other than written form, either Party may nonetheless choose to accept the notification. Termination shall not release Client from any of its obligations to Employer which arose prior to such termination, such as payment obligations and the duty to indemnify Employer as described in Paragraph 15, nor shall it release Employer from any of its obligations to Client which arose prior to such termination, such as completion and filing of all quarterly tax reports, W-2's and year-end reports.

6. Special Activities: Client and Employer agree that this Agreement, and Employer's liability hereunder, extends only insofar as the Project involves common and customary activity. Should the Project involve any special filming activity, including but not limited to stunts, aerial photography, under-water photography, pyrotechnics, or the employ of non-domestic animals ("Special Activity"), Client must disclose each Special Activity to Employer at least 3 days prior to its planned occurrence as a condition of this Agreement. Client must also supply Employer with any information about the Special Activity requested by Employer, such as a copy of the shooting script, treatment, and/or storyboard. After the Special Activity is disclosed to Employer and the Employer has received and had a reasonable opportunity to review the requested information regarding the Special Activity, Employer may require an appropriate risk fee be paid by Client to cover the additional risks caused thereby, or may decline to provide Personnel Services for that Special Activity in its entirety. Such risk fee must be paid prior to the time that the Special Activity is to occur. If the Project contains any Special Activity of which Client does not inform Employer and for which Client did not give Employer the opportunity to assess an appropriate risk fee, Employer will not be obligated to provide Personnel Services for that Special Activity. If Employer declines to provide Personnel Services or has provided Personnel Services without knowledge of the Special Activity, Employer will not be responsible for any liability arising from the Special Activity. Client agrees that any workers' compensation or other liability that may arise from a Special Activity not disclosed to Employer prior to the occurrence of the Special Activity, or for which Client declines to pay any applicable risk fee, as described herein, or arising out of Client's gross negligence or willful misconduct will rest solely with Client, and that Client will indemnify and hold harmless Employer as to any claims, losses, damages, attorneys fees and costs in connection with any claim that Employer is at all responsible for the Special Activity. Nothing in this Paragraph shall limit or in any way affect the remedies available to Employer for any breach of this Agreement by the Client.

7. Payroll Processing: Client will collect and supply to Employer in a timely manner all information requested by Employer with respect to the Personnel supplied by Employer pursuant to this Personnel Services Agreement, including but not limited to: names, addresses, social security/Federal ID numbers, personal service contracts, start cards, I-9 immigration notification forms and W-4 forms, time records, and screen credits. Employer shall accumulate, record, and process payroll data delivered to it by

Client and shall prepare invoices reflecting the payments to be made according to the information provided by Client, the Service and Rate Schedules attached hereto, the applicable collective bargaining agreement(s) and/or personal service contracts, and the requirements of applicable law.

8. Payment: Upon receipt of an invoice from Employer, Client shall promptly pay to Employer an amount equal to Employer's total costs in performing its obligation under this Agreement plus the agreed handling fee noted in the Rate Schedule(s) for the Project(s).

8.1 Employer's "Total Costs" shall include all payments made by Employer in connection with the Personnel Services provided hereunder, including but not limited to:

8.1.1 All gross wages, fringe benefits, trust fund contributions, allowances, penalties and other payments required by applicable collective bargaining agreement(s) and/or personal service contract(s), or as may be required by applicable law;

8.1.2 Any and all residuals, profit participation, supplemental markets payments or any other form of delayed compensation or income required by applicable collective bargaining agreement(s) and/or personal service contract(s) if included in the Service Schedule(s);

8.1.3 All required statutory payments, social security payments, payroll and withholding taxes required by federal, state and/or local laws or regulations;

8.1.4 State and/or private disability insurance payments, unemployment insurance compensation payments, and workers' compensation fees and risk fees.

8.2 Employer's Total Costs shall also include any retroactive payments required to be made by Employer on account of the services performed by Personnel hereunder. This includes payments resulting from amendments or modification to any collective bargaining agreements, personal service contracts or applicable law or enforcement thereof, or resulting from any audit or assessment of retroactive charges, interests, or penalties by any union, trust fund, governmental or administrative agency. If any such retroactive payments are required, Employer shall promptly invoice Client for such amounts, and Client shall promptly pay Employer as such invoices are rendered. Client shall also be responsible for any waiting time penalties assessed for late payments resulting from Client's failure to give Employer such timely notice and/or the required information as provided herein. Client shall be obligated to reimburse Employer regardless of the date when such payments are required to be made.

8.3 Client shall be solely liable to Employer for any and all overpayments which may result from any incorrect information supplied by Client, and Client shall promptly pay or reimburse Employer for such overpayment.

8.4 Employer shall be paid the fees set forth in the Rate Schedule(s), which amounts shall be due and payable with each invoice. Employer's fees for its Personnel Services are comprised of a combination of all the rates and limits set forth in the Service and Rate Schedules and do not purport to represent Employer's actual net costs.

8.5 If Client fails to pay Employer, including failure to provide to Employer a check(s) for payment supported by sufficient funds, Employer shall immediately cease all Payroll Services. If, due to Client's failure to pay Employer and Employer's subsequent cessation of Payroll Services, any liability should arise there from, Client shall be solely liable for such and shall indemnify and hold harmless Employer as to any claims, losses, damages, attorney's fees and costs in connection with such cessation.

9. Employer Obligations: Employer shall compute and prepare paychecks for the Personnel employed or engaged on the Project(s) as set forth in the invoices, pursuant to the information provided by Client, the applicable collective bargaining agreement(s) and/or personal service agreement(s) and all applicable federal and state payroll tax rules and regulations. Employer shall compute, deduct and pay all required statutory payments and all withholding any payroll taxes required by federal, state and local laws covering the services of Personnel hereunder. Employer shall pay all fringe benefits and trust fund contributions due Personnel under applicable collective bargaining agreements. Upon receipt of payment from Client of the invoices described above, Employer shall make said paychecks available to Client for distribution. Employer will complete and file all employer tax returns and other documents required by law.

10. Exclusivity: This Agreement shall be deemed breached by the Client at such time that the Client ceases to utilize the Employer as its exclusive provider of Payroll Services for the given Project(s), such as by utilizing a different payroll service provider or by taking the payroll for the Project "in-house," irrespective of whether Client proceeds to treat the Personnel as employees or independent contractors. As soon as it is discovered that Client has ceased using Employer as its exclusive Payroll Service provider, Employer's duties under the Agreement shall be relieved immediately and Employer may treat the Agreement as terminated. If special circumstances should arise under which Client would like to utilize Employer's services non-exclusively, or would like to temporarily suspend its utilization of Employer's services, such an arrangement may only be agreed upon in writing, signed by Employer's President and a representative of Client.

11. Loanout Companies: For loanout companies, Client, upon receipt of an invoice from Employer, shall pay Employer for all actual payments made to the loanout company by Employer, including applicable workers' compensation fees and risk fees, plus the agreed handling fee noted in the Rate Schedule(s) for the Project(s).

12. Residuals and Other Contingent Compensation: Before Client engages in any agreement giving rise to liability for Residuals, profit participation, supplemental markets payments or any other form of delayed or contingent compensation or income to Personnel (hereinafter "Residuals"), Clients shall first secure executed assumption

agreements from parties to said agreement assuming all obligations to pay Residuals to Personnel as required by applicable collective bargaining agreements, personal service agreements, loanout agreements or other agreements. Notwithstanding anything contained in this Agreement to the contrary, if Client does not obtain such executed assumption agreements, Client shall defend (or at Employer's option pay for the defense with counsel of Employer's choosing), indemnify and hold harmless Employer from and against any and all claims that may arise in connection with such Residual payments or any alleged obligation to make such payments.

12.1 If included in the Service Schedule(s), Employer will administer payment of Residuals pursuant to the applicable collective bargaining agreement(s) and/or personal service agreement(s) that Client provides to Employer as set forth in the Service Schedule attached hereto.

12.2 Client agrees to timely provide to Employer all such information as is necessary for Employer to calculate such Residual payments. Based on this information, Employer shall prepare invoices reflecting the Residuals payments to be made. Upon receipt of such an invoice, client shall promptly pay to Employer an amount equal to Employer's Total Costs (as defined in paragraph 5 of this Agreement) in performing this Residuals service plus the agreed handling fee noted in the Rate Schedule(s).

12.3 Client will remain primarily liable for such payment of Residuals. Client agrees to defend, indemnify, and hold harmless Employer from and against any and all claims that may arise in connection with such Residuals payments or any alleged obligation to make such payments.

13. Force Majeure: Employer shall not be liable to Client, in damages or otherwise, as a result of Employer's failure and/or inability to provide Personnel Services required by Client pursuant to this Agreement, by reasons of fire, flood, explosion, earthquake, epidemic, strike, lockout, boycott, labor controversy, acts of God or similarly caused disruption, beyond Employer's control, that may affect Employer's ability to continue to provide Personnel Services pursuant to this Agreement.

14. Client's Obligations: Client warrants that any and all information provided to Employer pursuant to this Agreement will be accurate and in compliance with applicable collective bargaining agreements and applicable law. Client will permit Employer to inspect and copy any and all records of Client, its subsidiaries, alter egos and/or related entities which pertain or relate to any person employed or engaged by Employer in connection with the Project(s). Client will indemnify, defend and hold Employer harmless from any and all claims or actions which result from Client's failure to provide Employer with accurate information under this Agreement. Client also warrants that it will comply with all applicable federal, state and local labor, employment, and safety laws and regulations, and that it will not cause any Personnel supplied by Employer herein to be discriminated against in violation of any applicable law.

15. Indemnification

15.1 Notwithstanding anything contained herein to the contrary, Client hereby agrees to indemnify, defend (or at Employer's option pay for the defense with counsel of Employer's choosing) and hold harmless Employer and its parent, related and affiliated entities, and each of their respective officers, directors, agents, employees, representatives and attorneys of and from any and all costs and expenses (including, but not limited to, reasonable attorneys' fees and costs), fines, penalties, losses, claims, causes of action whether founded or unfounded, damages and/or liabilities (collectively "Claims"), arising out of or relating to the Personnel Services rendered to Client by Employer pursuant to the terms of this Agreement, or resulting, directly or indirectly, from Client's breach or alleged breach of any of its representations, warranties or obligations contained herein or arising out of the Client's or the Personnel's negligence or misconduct. (The duties to indemnify and hold harmless shall not apply when the claim arises due to the willful misconduct of Employer, or those acting on its behalf and Employer has been adjudicated by a court of competent jurisdiction to be so guilty of willful misconduct.) These include without limitation any and all claims that may arise out of the following:

15.1.1 Any non-payment or late payment of wages, provided that it is due to Client's failure to timely pay invoices to Employer or to provide Employer with accurate information upon which to pay wages, including but not limited to claims brought before the Labor Commission of the State of California for wages, penalties, interest, and/or attorneys fees and costs;

15.1.2 The making of any payments described in this Personnel Services Agreement; including but not limited to any assessment of taxes or third-party claims relating to such payments;

15.1.3 Any assessment of retroactive charges, interest, or penalties described in this Personnel Services Agreement;

15.1.4 Any alleged or actual violation of state or federal labor or employment laws or regulations, including but not limited to claims alleging employment discrimination or wrongful termination; and

15.1.5 The breach of any obligation to a third party, including the failure to obtain proper clearances or licenses with respect to the Project.

15.1.6 Bodily injury or property damage arising out of Client's or the Personnel's negligence or misconduct.

15.2 This indemnity provision, and all indemnity provisions contained throughout this Agreement, shall survive the termination and/or breach of the Agreement.

16. Certificate of Insurance: Client shall provide to Employer as a condition hereof a Certificate of Insurance or other proof of the purchase of insurance for (1) general public liability and (2) automobile liability. Such policies must provide coverage for bodily injury, personal injury, property damage, and contractual liability (including Client's breach of this Agreement) in an amount not less than \$1,000,000.00 for each occurrence. Client shall maintain the above-designated insurance coverage throughout the period during which Personnel Services are rendered by Employer hereunder and Employer shall be named as an additional insured on all such policies. Employer shall also be named as an additional insured on any other insurance policies maintained by Client in connection with the Project, including but not limited to errors and omissions coverage or employment practices liability coverage. All such policies shall provide at least thirty (Written Notice) days written notice to Employer before any modification or termination of such policies. If requested by Employer, Client shall provide Employer with copies of any completion bonds or completion guarantee agreements concerning the Project.

17. Assignment: Neither Client nor Employer shall have the right to assign the Agreement without the written consent of the other, provided that Employer may assign this Agreement to a parent, affiliated entity, or to company acquiring substantially all of its assets.

18. Employer-Client Relationship: Nothing contained herein shall constitute a partnership between, nor a joint venture by the parties hereto nor make either party the agent of the other, and neither party shall hold itself out to third parties in a contrary manner. This agreement is not for the benefit of any third party and shall not be deemed to give any right or remedy to any such third party whether or not referred to herein.

19. Dispute Resolution: This Agreement shall be governed by and construed in accordance with the laws of the State of California. Except as otherwise provided in this paragraph, any dispute arising from this Agreement shall be submitted to binding arbitration conducted in, by and pursuant to the commercial arbitration rules of the American Arbitration Association. Any claim or action for indemnification, contribution or interpleader arising out of the Personnel Services provided by Employer shall not be subject to arbitration. The prevailing party shall be entitled to collect interest, damages, costs and expenses including reasonable attorneys' fees and costs.

20. Notice: Service of any notice required under this Agreement shall be made by mailing and faxing such notice to Employer as follows:

FSI Processing, Inc.
500 South Sepulveda, 4th Floor
Los Angeles, CA 90049
Fax: (310) 254-9542
Phone: (310) 471-9616
Attn: Business Affairs

With a copy to:

Loeb & Loeb, LLP
10100 Santa Monica Blvd., Suite 2200
Los Angeles, CA 90067-4164
Phone: 310-282-2327
Fax: 310-282-2200
Attn: Ivy Kagan Bierman, Esq.

And to Client as follows:

Short Films
97-99 Dean Street,
London, W1D3TE
Attn: Tanya Harris

21. Modification: This Agreement may not be altered, amended or modified except by an instrument in writing executed by the President or Vice President of Employer and an authorized representative of Client.

22. Severability: If any provision of this Agreement or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of this Agreement which can be given effect without the invalid provision or application and, to this end, the provisions of this Agreement are declared to be severable.

23. No Continuing Waiver: No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall such waiver be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

24. Confidential Information: Client and Employer recognize that in the course of performing hereunder (a) Employer may learn or be exposed to confidential proprietary information which is the property of Client, or the property of third parties which has been disclosed to Client on a confidential basis, and (b) Client may learn or be exposed to confidential proprietary information which is the property of Employer. In consideration of providing a basis of unrestricted communication in connection with performance hereunder, Employer and Client agree that each will assert all reasonable and practical efforts from being known to anyone except bona fide employees and agents of Employer or Client any such proprietary information obtained. Such information will be given to bona fide employees and agents only on a need-to-know basis and only on the basis that such information is confidential and is property of Employer, Client or the third party, as the case may be.

25. Headings: Paragraph headings used in the Agreement are for convenience only and have no legal effect whatsoever.

26. Entire Agreement: This Agreement constitutes and contains the entire agreement and understanding between the parties, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. This is an integrated document.

27. Counterparts: This Agreement may be executed in counterparts, each of which shall be deemed to constitute an original but all of which shall constitute one and the same instrument. In addition, a signature on a copy of this Agreement sent via facsimile or an electronic signature shall also be deemed to constitute an original and be fully enforceable.