

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "*Agreement*") is entered into on Jan 8, 05 (the "*Effective Date*"), by and among STARLINE TOURS, INC, a California corporation (the "*Buyer*"), VECTOR MEDIA ENTERPRISES LLC, a Delaware limited liability company (the "*Seller*"), and SM TRANSIT, LLC, a California limited liability company (the "*Company*") (collectively referred to as the "*Parties*").

Recitals

- A. The Seller owns all of the membership interests of the Company (the "*Membership Interest*").
- B. The Company is in the process of acquiring from a third party certain Assets (as defined herein) including but not limited to (5) double decker tour buses (the "Double Deckers") and (8) cut-off vans (the "Vans") (referred to collectively as the "Vehicles"), the acquisition of which shall be a Condition Precedent (as defined below) to either Parties' obligations under this Agreement.
- C. The Seller has agreed to sell to the Buyer, and the Buyer has agreed to purchase from the Seller, all of the Membership Interest, subject to the terms and conditions set forth in this Agreement.

Agreement

Accordingly, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller, the Buyer and the Company agree as follows:

SECTION 1

PURCHASE AND SALE OF MEMBERSHIP INTEREST

1.1 **Transfer of Membership Interest.** Effective as of the Closing Date (as defined in Section 4), and subject to the terms and conditions contained in this Agreement, Seller hereby sells, conveys, transfers, assigns and delivers to Buyer, and Buyer acquires from Seller, the Membership Interest, free and clear of all encumbrances.

1.2 **Purchase Price.** In exchange for the Membership Interest, Buyer shall pay to Seller, in accordance with the Payment Terms as set forth in Section 1.3 below, a cash amount equal to _____ (the "Purchase Price"), payable in accordance with the terms of the separate promissory note (the "Secured Promissory Note") executed contemporaneously herewith, attached as Exhibit B and incorporated herein by reference.

1.3 **Sales Tax.** In the event that the transaction contemplated in this Agreement or the Asset Purchase (defined herein) gives rise to sales tax liability, Buyer agrees that it shall be liable and will pay 50% of such liability.

SECTION 2

JOINT REPRESENTATIONS AND WARRANTIES OF BUYER AND SELLER

Buyer, on the one hand, and Seller, on the other hand, hereby represent and warrant to each other, with respect to themselves, as follows and covenant that until the transfer of Membership Interest and payment of the Total Payment Amount, that they will not perform any act or permit any action to be taken or condition to exist

which would make any of the following representations and warranties untrue in any respect, with respect to themselves:

2.1 Enforceability. This Agreement has been duly executed and delivered by Buyer and Seller and is a legal, valid and binding obligation of Buyer and Seller, enforceable against Buyer and Seller in accordance with its terms, except that the validity, binding effect or enforceability of this Agreement may be limited or otherwise affected by (a) any bankruptcy, insolvency or other similar law affecting the enforcement of creditors' rights and remedies generally, or (b) principles of equity.

2.2 No Violation. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will violate, or be in conflict with, or constitute a default under, any material agreement or commitment to which Buyer or Seller is a party or by which Buyer or Seller is bound, or any statute or law or any judgment, decree, order, regulation or rule of any court or governmental or regulatory authority to which Buyer or Seller is subject.

2.3 Consent. No consent, approval or authorization of, or declaration, filing or registration with, any court or governmental or regulatory authority is required to be made or obtained by Buyer or Seller in connection with Buyer's or Seller's execution and delivery of, and performance under, this Agreement or its consummation of the transactions contemplated hereby.

2.4 No Brokers. Neither Buyer nor Seller has entered into any agreement with any person or entity that will result in the obligation of either Buyer or Seller to pay any finder's fee, brokerage commission or similar payment in connection with the transaction contemplated by this Agreement.

2.5 Authorization. All action on the part of Buyer and Seller necessary for the authorization, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein has been taken. Buyer and Seller have all requisite power to enter into this Agreement and to carry out and perform their obligations under the terms of this Agreement.

SECTION 3 POST EFFECTIVE DATE COVENANTS

3.1 Advertising Agreement. In exchange for certain compensation as detailed in this Section 3.1 of this Agreement, Seller, and/or its affiliates, shall be granted by a written agreement between the Parties (or an affiliate entity of the Parties) the exclusive rights to sell, place and maintain advertising on the exterior of the Vehicles (the "Advertising Agreement") which shall include the following terms:

3.1.1 Advertising Term - The term of the Advertising Agreement shall be for a period of twenty (20) years, commencing upon the later of (i) the execution date of this Agreement or (ii) the date immediately following the date of the completed Asset Purchase (as defined herein).

3.1.2 Advertising Compensation. Compensation to Buyer for the advertising rights shall be equal to Fifty Percent (50%) of Advertising Revenue (as defined herein), paid to Buyer monthly within thirty (30) days of collection (the "Revenue Share"). "Advertising Revenue" shall be defined as the total revenue for advertising space collected in each month of the Term. The Revenue Share shall serve as the total and complete compensation to Buyer for the exclusive advertising rights described above.

3.1.3. General. Notwithstanding the explicitly stated term and compensation of the Advertising Agreement as described in Sections 3.1.1 and 3.2.2 respectively, the remaining terms of the Advertising Agreement shall be the same or substantially similar to those remaining terms of the Hollywood Agreement. To the extent that certain terms and conditions in the Hollywood Agreement are impracticable and/or inapplicable to this

Agreement, the Advertising Agreement or the operation of the Vehicles, the parties shall mutually agree upon more practicable terms, or otherwise defer to the terms and conditions common in the industry.

SECTION 4 CONDITION PRECEDENT

4.1 **Condition Precedent.** The Parties agree that the occurrence of condition precedent contained in this Section 4 (the "Condition Precedent", as further defined below) is essential to effectuating the sale of the Membership Interest to Buyer and that, unless or until the occurrence of the Condition Precedent, neither Party will be subject to or bound by the terms and conditions contained in this Agreement. Accordingly, the date upon which the Condition Precedent has been met shall be referred to herein as the "Closing Date."

4.1.1 **Terms of Condition Precedent.** The Company is currently in the process of finalizing a transaction, whereby the Company would purchase from Tours Incorporated, Inc. ("Tours, Inc") and First Street GmbH ("First Street")(together referred to as "LA Sightseeing") all possession, right and title of the Assets as specified in the attached Exhibit A (the "Asset Purchase"). As of the date of the execution of this Agreement, Seller and LA Sightseeing have executed a preliminary agreement detailing the sale and purchase of the Assets; however, the Asset Purchase has not yet been completed. The final execution of the agreement documenting the Asset Purchase shall be the Condition Precedent to the effectuation of the benefits and obligations contained in this Agreement. Additionally, the Parties agree and acknowledge that, but for Buyer's express agreement herein to purchase the Membership Interest for the Purchase Price following the Asset Purchase, Seller would not have otherwise agreed to the Asset Purchase with LA Sightseeing.

SECTION 5 MISCELLANEOUS

5.1 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, USA, without giving effect to any choice or conflict of laws rule or provision that would cause the application of the domestic substantive laws of any other jurisdiction.

5.2 **Entire Agreement, Assignability, Etc.** This Agreement, (a) constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral among the Parties, or any of them, with respect to the transactions and matters contemplated hereby, and (b) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder. No party may assign its rights or delegate its duties hereunder without the written consent of the other parties. No modification or waiver of this Agreement shall be enforceable unless made in a written instrument signed by the party against whom the modification or waiver would apply.

5.3 **Counterparts.** This Agreement may be executed in any number of counterparts, no one of which need be signed by all parties, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Agreement may be executed or delivered by facsimile or e-mail.

5.4 **Headings, Terms.** The Section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement. Defined terms are applicable to both singular and plural forms. All pronouns will be deemed to refer to the masculine, feminine or neuter, as the identity of the Person may require. The singular or plural includes the other, as the context requires or permits. The word include (and any variation) means including without limitation. The word day means a calendar day. All references to Sections are to sections of this Agreement unless indicated otherwise.

5.5 **Waivers.** No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder will be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent

such occurrence. No waiver will be effective unless set forth in writing and signed by the party against whom such waiver is asserted.

5.6 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

5.7 Remedies Cumulative. All remedies of Seller or Buyer under this Agreement or any other Transaction Agreement are cumulative with each other and with any other remedies available at law, in equity or by contract. Any decision to pursue one remedy shall not prevent a party from pursuing any other remedy at the same or any subsequent time.

5.8 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed this Stock Purchase Agreement as of the date first above written.

"Buyer"




By: STARLINE TOURS OF HOLLYWOOD


Name: VAHID SAPIR

Title: PRESIDENT

"Seller"


Marc Borzykowski

"Company"

By: 

Name: Marc Borzykowski

Title: S.C.

EXHIBIT A: Assets

1. 5 year lease with option to renew for commercial office space located at 1434 2nd Street, Santa Monica California 90401. Value: \$5,000

2. Websites Value: \$50,000

Web sites

www.lasightseeing.net; www.lasightseeing.com; www.hollywoodsightseeingtours.net;
www.hollywoodsightseeingtours.com; www.facebook.com/lasightseeing; www.facebook.com/;
lacityhoponhofftours; www.facebook.com/hollywoodsightseeingtours; www.lasightseeingbooking.net

Micro web sites

hoponhopoffbus.net
hoponhopoffhollywood.net
hoponhopofflosangeles.net
hoponhopoffsightseeing.net
charterlosangeles.com
hollywoodattractions.info
hollywoodbustours.net
hollywoodsigtours.net
hopoffhopon.com
hoponhopoff-beverlyhills.com
hoponhopoff-hollywood.com
hoponhopoff-losangeles.com
hoponhopoff-santamonica.com
hoponhopoff.net
hoponhopofftour.net
sightseeingLA.net
hoponhopoffla.net
hoponlosangeles.com
la-map.com
la-shuttle.net
la-sight-seeing.com
laparkingmanagement.com
lavaletparking.com
losangelesbustours.net
partybustransportation.net
sightseeingtourgide.com
tour-la.com
sightseeinglosangeles.net
tourlosangeles.net; sightseeinghollywood.net

3. Telephone numbers:

(310) 458-0257; (800) 303-3005; (800) 870-1886; (310) 395-3535

4. Fictitious Business Names to be abandoned by Tours Inc.

Los Angeles Sightseeing Tours and Charters
Los Angeles City Hopping Sightseeing

L.A. CityHoppingSightseeing/ Los Angeles City Hopper Sightseeing
 L.A. CityHopper/Los Angeles City Hopper
 L.A. CitiHopper

5. Vehicles (Owned by First Street GmbH). All vehicles transferred pursuant to this Agreement are transferred without warranty of any kind and in an "as is" condition.

<u>Vehicle #</u>	<u>Year</u>	<u>Make</u>	<u>VIN</u>	<u>License</u>	<u>Milage</u>	<u>Note:</u>
101	1995	E450	1FDKE30GXSHC07875	5U69601	285,0000	Mobil Office
201	1999	E450	1FDXE40F7XHA11113	8S75984	66,327	Mileage approximate
202	1999	E450	1FDXE40F8XHA11119	8T98596	71584,	Mileage approximate
203	1997	E450	1FDLE40S7VHC02460	68426F1	90,282	Mileage approximate
204	1997	E450	1FDLE40S4VHC09592	8Z29499	368,498	Mileage approximate
205	2003	E450	1FDXE45S73HB87966	7F01151	47,323	Mileage approximate
206	2003	E450	1FDXE45S43HB94597	7F01152	89,450	Mileage approximate
207	2003	E450	1FDXE45S23HB94596	7F00814	226,402	Mileage approximate
208	1994	New Flyer	2FYD2LL16RU015286	88077L1	731,292	Mileage approximate; Double decker
209	1989	Layland	0N10998 (Awaiting Title from DMV)	92166R1		Mileage approximate; Double decker; Cummins Engine
210	1988	MCW	SMCDR102HAJ09771	99134J1		Mileage approximate; Double decker; Cummins Engine
211	1989	Olympic	0N11423	58505P1		Mileage approximate; Double decker; Cummins Engine
212	1990	Leyland	0N11203 (Awaiting title from DMV)	059904Z		Mileage approximate; Double decker; Cummins Engine

6.

Office equipment consisting of 5 networked, personal computers with two servers, 2 printers, three telephones, 2 flat screen monitors, DVD player, 1 cash register, three calculators, five display shelves, 4 office chairs, portable outside sales desk, outside signs, 3 filing cabinets, 1 safe, 2 custom built counters, general office supplies (paper, printer ink etc.) . Value: 5,000