

and at its own cost and expense, correct or revise any errors, omissions or other deficiencies in the services performed. In addition, Independent Contractor agrees:

A. to proceed with diligence and promptness and hereby warrants that such services shall be performed in accordance with the highest professional workmanship and service standards in the field to the satisfaction of the Company;

B. to comply, at its own expense, with the provisions of all state, local and federal laws, regulations, ordinances, requirements and codes which are applicable to Independent Contractor with respect to the performance and remuneration of the consulting services offered hereunder, including without limitation any service provided by any employee or agent of Independent Contractor;

C. that Independent Contractor is an independent contractor and not the agent, employee or servant of the Company, and that Independent Contractor has and hereby retains full control of and supervision over the performance of Independent Contractor's obligations hereunder; and

D. that all services are to be performed solely at the risk of Independent Contractor and Independent Contractor shall take all precautions necessary for the proper and sole performance thereof.

4. Changes in Work. The Company may from time to time, by written order and without invalidating this Agreement, or any portion thereof, make changes in or more clearly define the scope and nature of the Project and Independent Contractor's duties with respect thereto. Independent Contractor shall not make any changes in the services to be performed hereunder without prior written authorization from the Company specifying the details of the change, whether there is to be an adjustment in price or time of performance and how such adjustment is to be determined. No additional services rendered by Independent Contractor shall be paid for unless authorized by the Company in advance and in writing.

5. Other Work. During the term of this Agreement, Independent Contractor may render consulting services to others; provided that the rendering of such services does not violate or conflict with Independent Contractor's duties or obligations hereunder.

6. Compensation. In consideration and full satisfaction of the satisfactory performance of the services to be provided hereunder, the Company shall pay Independent Contractor a total fee of FORTY-TWO HUNDRED Dollars (\$ 4,200 .00) for each accepted model of a Character.

(\$1,200.00 for rigid urethane model; \$3,000 for movable/posable model with internal skeleton and armatures and movable joints at shoulders, elbows, wrists, hips, knees and ankles, and neck/head.)

FROM PAUL HASTINGS #1

7. R reimbursement of Expenses. Independent Contractor shall not be entitled to any compensation or benefits other than the compensation specified in the preceding paragraph, and the Company shall not reimburse Independent Contractor for any expenses incurred in connection with Independent Contractor's services hereunder, unless such expenses are (a) reasonably incurred by Independent Contractor in connection with the services performed under this Agreement and (b) previously approved by the Company in writing. Reimbursement for any reimbursable expenses shall be made within twenty-one (21) days following the Company's receipt of an expense statement, including, where appropriate, all original receipts.

8. Nondisclosure, Nonsolicitation and Ownership of Intellectual Property.

A. Nondisclosure of Secret or Confidential Information. Independent Contractor shall hold in confidence for the benefit of the Company all secret, confidential or proprietary information, knowledge, materials, documents and data (collectively, "Confidential Information") of the Company to which Independent Contractor may have access during the term of this Agreement. Independent Contractor shall not, during the term of this Agreement or after termination thereof, directly or indirectly use, communicate or divulge or enable another to use, communicate or divulge any such Confidential Information, for Independent Contractor's own or another's benefit. Independent Contractor makes the same commitment with respect to the Confidential Information of all affiliates, customers, contractors and others with whom the Company has a business relationship. Further, Independent Contractor shall not divulge to the Company the Confidential Information of any other party, the use, communication or disclosure of which is protected by comparable confidentiality commitments. Independent Contractor represents and warrants that any information disclosed or provided to the Company by Independent Contractor is not confidential or proprietary, that the Company has no obligation to hold the same in confidence and that the Company can reproduce, disclose, sell or use such information for any lawful purpose without restriction or accounting to Independent Contractor or any third party. Further, such information does not need to be returned to Independent Contractor.

B. Nonsolicitation. Because Independent Contractor's solicitation of customers or employees of the Company under certain circumstances would necessarily involve the use or disclosure of Confidential Information, Independent Contractor shall not, during the term of this Agreement and for a period of three (3) years thereafter, knowingly or unknowingly, either directly or indirectly, for itself or for any other person or entity, (i) call on, solicit or take away, or attempt to call on, solicit or take away any past or present clients, customers, suppliers or distributors of the Company with respect to the same or any similar business now or in the future conducted by the

Company or (ii) employ, hire or solicit employment of any person employed by or providing services to the Company.

C. Disclosure of Intellectual Property. Independent Contractor shall fully and promptly disclose to the Company and shall hold in trust for the benefit of the Company any and all intellectual property, discoveries or trade secrets which Independent Contractor may solely or jointly conceive, design, develop, create or suggest or cause to be conceived, designed, developed or created during the term of this Agreement and for a period of one (1) year thereafter which relate, directly or indirectly, to the Characters, the Project or the services provided for in this Agreement. For the purposes of this Agreement, the term "intellectual property" shall include, without limitation, any ideas, concepts, materials (whether written or machine-readable), designs, models, molds, drawings, illustrations and photographs, which may be protectable, in whole or in part, under any patent, copyright, trademark, trade secret or other intellectual property law.

D. Ownership of Intellectual Property. Independent Contractor acknowledges and agrees that the intellectual property, discoveries and trade secrets referred to in Subparagraph 8C above are "works made for hire," and that all right, title and interest in and to such intellectual property, discoveries and trade secrets shall be the sole and absolute property of the Company. Independent Contractor shall and hereby does assign to the Company any and all right, title and interest of Independent Contractor in and to the intellectual property, discoveries and trade secrets referred to in Subparagraph 8C above, including without limitation, the right of registration and renewal thereof, the right to make any modifications, adjustments or additions thereto (Independent Contractor hereby expressly waiving any right of droit moral or similar rights to object to any such changes), the right to make, reproduce and distribute derivative works thereof and the right to all claims for past infringements. Further, Independent Contractor represents and warrants that it has entered into written confidentiality and intellectual property agreements with each of its employees and agents who is involved with the Project, whereby such employee agrees that (i) his/her work with respect to the Project is within the scope of employment and, therefore, the product of such work is owned by Independent Contractor, (ii) he/she is bound and shall abide by the provisions of this Agreement, and (iii) he/she shall deliver to Independent Contractor a consent of spouse, if any, under which such spouse agrees that his/her community property interest, if any, in and to any and all rights assigned by Independent Contractor is subject to the provisions of this Agreement.

E. Execution of Documents. Independent Contractor shall make all necessary disclosures, execute, acknowledge and deliver all instruments and perform all acts necessary or desired by the Company, or its successors or assigns, to effectuate the

assignment provided for in Subparagraph 8D above. In the event the Company is unable, for any reason whatsoever, to obtain the signature of Independent Contractor to any document or instrument necessary or desirable to apply for protection of, or enforce any action with respect to, any patent, copyright, trademark, trade secret or other intellectual property right, Independent Contractor hereby irrevocably designates and appoints the Company, and its duly authorized officers and agents, as Independent Contractor's agent and attorney-in-fact, whose power is expressly coupled with an interest, to act for and on behalf of Independent Contractor, to execute such documents and to take all of the lawfully permitted actions to protect the Company's interest in any patent, copyright, trademark, trade secret or other intellectual property right with the same legal force and effect as if executed by Independent Contractor.

F. Use of Confidential Information or Intellectual Property. Independent Contractor agrees not to use, copy or otherwise replicate any Confidential Information or the assigned intellectual property, discoveries and trade secrets referred to in Subparagraphs 8C and 8D unless so authorized in writing. Independent Contractor further agrees that, in the event permission is granted by the Company to copy Confidential Information or the assigned intellectual property, discoveries and trade secrets referred to in Subparagraphs 8C and 8D, each such copy shall contain and state the same confidential or proprietary notices or legends, if any, which appear on the original. Nothing herein shall be construed as granting any right or license under any Confidential Information, intellectual property, discoveries or trade secrets hereafter owned or controlled by the Company.

G. Return of Confidential Information and Intellectual Property. Upon termination of this Agreement for any reason or upon request of the Company, all Confidential Information, intellectual property, discoveries and trade secrets, together with all copies of the same, shall be returned to the Company.

9. Relief. Independent Contractor acknowledges that (a) the services to be rendered by it are of a special, unique and extraordinary character and it would be very difficult or impossible to replace such services, (b) the provisions of Paragraph 8 are reasonable and necessary to protect the legitimate interests of the Company, (c) the restrictions contained in Paragraph 8 will not prevent Independent Contractor from earning or seeking a livelihood, (d) the restrictions contained in Paragraph shall apply in all areas where such application is permitted by law, and (e) any violation of this Agreement by Independent Contractor would result in irreparable harm to the Company. Accordingly, Independent Contractor consents and agrees that, if it violates any of the provisions of this Agreement, the Company shall be entitled to, in addition to other remedies available to it, an injunction to be issued by any

court of competent jurisdiction restraining Independent Contractor from committing or continuing any violation of this Agreement, without the need to post any bond or for any other undertaking, including without limitation proving the inadequacy of money damages.

In the event that the whole or any part of the provisions of Paragraph 8 hereof shall be determined to be invalid by reason of the extent, duration, scope or other provision set forth therein, the extent, duration, scope or other provision of that section shall be reduced so as to cure such invalidity and in its reduced form the provisions of Paragraph 8 shall be enforceable in the manner contemplated hereby.

10. Representations and Warranties. Independent Contractor hereby represents and warrants that (a) all works and materials or portions thereof delivered to the Company by Independent Contractor in connection with its services to be rendered hereunder shall be original, shall be solely of Independent Contractor's authorship or design and shall not infringe upon the rights of any other person or party, (b) Independent Contractor has title to and is the lawful owner of all materials and supplies provided hereunder and that such materials and supplies are free of any security interests, claims, liens or any other encumbrance whatsoever, and Independent Contractor has good right to assign, transfer and convey them and will warrant and defend the title against all claims and demands of all persons, (c) Independent Contractor is the sole and rightful owner of, and has sole title to, the Characters, and the copyright and all other intellectual property rights in and to the Characters, (d) no rights in or to the Characters have been previously assigned, granted or encumbered, (e) the Characters are original, created solely by Independent Contractor and does not infringe on any copyright, patent, trademark, right of publicity, right of privacy or other proprietary right of any other person or party, and (f) Independent Contractor has, or has obtained, all rights necessary to enter into, and to perform all its obligations under, this Agreement. The Company may require Independent Contractor to furnish evidence satisfactory to the Company that all claims for labor, material and other obligations arising hereunder have been satisfied prior to any payment by the Company for the same.

11. Indemnity. Independent Contractor shall defend the Company and its successors and assigns, and each of its officers, directors, employees, representatives and agents, against all claims asserted by any person and shall reimburse the Company for all costs, expenses or judgments finally awarded in relation thereto (including court costs and reasonable attorney's fees) based upon (a) any claim that any products, materials and/or services or any part thereof provided to the Company by Independent Contractor infringe upon or violate any patent, copyright, trademark, trade secret, or any other proprietary right of any person, (b) any act or omission of Independent

Contractor or any party under the direction or control of Independent Contractor, or (c) any claim, demand or action instituted by Independent Contractor's employees, if any, or the employees of Independent Contractor's subcontractors under workers' compensation or similar laws or regulations. Each party agrees to notify the other promptly of any matters in respect of which the foregoing indemnity may apply.

12. Termination. Either the Company or Independent Contractor may terminate this Agreement immediately upon notice to the other party in the event that: (a) the other party breaches any of its obligations under this Agreement, becomes insolvent or makes a general assignment for the benefit of creditors or admits in writing its inability to pay debts as they mature; (b) a trustee or receiver is appointed by any court with respect to the other or any substantial part of the other's assets; or (c) an action is taken by or against the other under bankruptcy or insolvency laws or laws relating to the relief of debtors, including the Federal Bankruptcy Act.

A. Consequences of Termination. At the time of termination, the Company shall be released from any and all obligations under this Agreement provided that Independent Contractor shall be paid for services satisfactorily performed to the date of termination, less any amounts previously prepaid, and Independent Contractor shall be released from the performance of further consulting services under this Agreement. Independent Contractor acknowledges and agrees that a termination of this Agreement under this paragraph shall not constitute a breach or default under this Agreement by the Company and that the payments to Independent Contractor as provided in this paragraph shall constitute full payment of all claims by Independent Contractor against the Company arising from a termination of this Agreement.

B. Survival of Provisions. Independent Contractor's obligations under Paragraphs 8, 9, 10 and 11 shall continue following expiration or termination of this Agreement, irrespective of the reasons therefor.

13. Trademark and Trade Names. Neither party shall use the trademarks, service marks or trade names of the other or its affiliates in any advertising or promotional material or otherwise without the express prior written permission of the other party.

14. Miscellaneous Provisions.

A. Assignment; Successors. Any assignment or subcontract by Independent Contractor of the services or work to be performed under this Agreement, in whole or in part, or any other interests hereunder, voluntarily, involuntarily or by operation of law, without the Company's written consent, shall be void. The Company reserves the right to assign this Agreement to any current or future parent or affiliate or successor company of

the Company. Subject to the foregoing, this Agreement shall be binding upon the Company, its successors and assigns, and upon Independent Contractor and Independent Contractor's successors and permitted assigns.

B. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or within five (5) days after mailing if mailed to the party to whom notice is to be given, by first class registered or certified mail, postage prepaid, and properly addressed, or upon receipt if sent by telegraph or telephonic facsimile transmission to the party to whom notice is to be given, at such party's address or telex or facsimile number set forth on the signature page of this Agreement, or any other address or number that any party may designate by written notice to the other.

C. Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one (1) and the same instrument. Furthermore, facsimiles of signatures may be taken as the actual signatures, and each party agrees to furnish the other with documents bearing the original signatures within ten (10) days of the facsimile transmission.

D. Enforcement. The failure of any party in any one or more instances to insist upon strict performance of any of the terms or provisions of this Agreement, or to exercise any option herein conferred shall not be construed as a waiver or relinquishment, to any extent, of the right to assert or rely upon any such terms, provisions or options on any future occasion.

E. Severability. Any provision of this Agreement which is rendered unenforceable by a court of competent jurisdiction shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective any or all of the remaining provisions of this Agreement.

F. Governing Law. This Agreement shall be governed by and construed in accordance with the internal, substantive laws of the State of California.

G. Attorneys' Fees. If any legal action or other proceeding is brought by any party for the enforcement of this Agreement because of any alleged breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party its reasonable attorney's fees and other costs and expenses incurred in connection therewith, in addition to any other relief to which it might be entitled.

H. Venue. All disputes which arise under this Agreement shall be resolved by litigation solely in the courts located in Los Angeles County in the State of California including, but not limited to, the United States District Court for the Central District of California. The parties hereto consent to the exclusive jurisdiction of such courts, waive any defense which they otherwise might have based on lack of jurisdiction and/or improper venue and agree to accept the service of process by mail at the address set forth in Paragraph 14 (B).

I. Entire Agreement; Waiver. This Agreement constitutes the entire agreement between the Company and Independent Contractor with respect to the subject hereof, and fully supersedes any prior agreements or understandings with respect thereto. No provision of this Agreement shall be deemed waived, amended or modified by any party, unless such waiver, amendment or modification will be in writing and signed by the party or its authorized agent against whom such waiver, amendment or modification will be enforced.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

The "Company"

INTERARTS PRODUCTIONS, INC.

By: Terence Dunn
Terence Dunn
President

Address: 1736 Stoner Avenue, #3
Los Angeles, California 90025
Facsimile: (310) 820-5377

"Independent Contractor"

By: David Clausen
David Clausen
Its: _____

Address: 544 E. Ogden Ave. #700
Box 175
Milwaukee, WI 53202
Facsimile: _____

E X H I B I T A

Description of the Project

MODELS FOR:

ZEN-BEAR® plush doll (prototype in rigid urethane, sculpted, dressed and painted to specifications)

ZEN-BEAR® model with movable arms and legs (using internal armatures/skeleton) suitable for digitization for computer animation.

TO BE SUBSEQUENTLY USED TO DEVELOP & CREATE:

Zen-Bear® illustrated children's books.

Zen-Bear® children's animated television show.

Zen-Bear® video banner/20 second introduction to T'ai Chi For Health and Chi Kung For health videos;

Additional Characters for possible future models:

1. Zen-Bear, aka "Xiao Bao"
2. Zen-Bear's sister, "Xiao Hua"
3. Mama-Bear
4. Papa-Bear
5. Hui-Neng, Abbot of Ehrmei Toist Monastery

CONSENT OF SPOUSE / WIFE / PARTNER

The undersigned hereby certifies that:

(1) I am the ~~spouse~~ ^{- PARTNER} of DAVE CLAUSEN
who has agreed to be bound by the terms and provisions of that
certain Independent Contractor Agreement (the "Agreement") dated
September __, 1999;

(2) I have read and approve of the provisions of the
Agreement, including without limitation those relating to the
disclosure and assignment of intellectual property, discoveries
and trade secrets;

(3) I agree to be bound by and accept all of the
provisions of the Agreement in lieu of all other interests I may
have or claim in such intellectual property, discoveries and
trade secrets. Further, I hereby waive any and all right, title
and interest, including my community property interest, if any,
in and to such intellectual property, discoveries and trade
secrets; and

(4) I hereby make, constitute and appoint my spouse
as my true and lawful attorney-in-fact to make, execute,
acknowledge, verify, file, record, publish or deliver all such
agreements, certificates, instruments and documents and to
perform all acts as he/she shall deem necessary or appropriate to
effect such disclosure and assignment of intellectual property,
discoveries and trade secrets, including any portion of such
intellectual property, discoveries and trade secrets that may be
my community property.

Executed on October 10, 1999

Grant Koffman
Carrie Koffman