

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (“Agreement”) is made as of August 20, 2007 by and between MOST V AMERIKU (hereinafter “MVA”) on the one hand and OLEG KAPANETS (hereinafter “KAPANETS”), SU-XX, INC. (hereinafter “SU-XX”) and WHITE EAGLE FILM CORPORATION (hereinafter “WHITE EAGLE”) on the other hand.” KAPANETS, WHITE EAGLE and SU-XX, INC. may be collectively referred to herein as “DEFENDANTS.” As used herein, the term “Parties” and “Party” refers to and collectively or individually, as the case may be.

I.

RECITALS

1.1 **WHEREAS**, MVA and KAPANETS entered into a certain loan agreement which MVA asserts has not been repaid culminating in a dispute that has arisen between the Parties (hereinafter the “DISPUTE.”)

1.2 **WHEREAS**, the DISPUTE culminated in a lawsuit that was filed by MVA against DEFENDANTS, in the Los Angeles County Superior Court, entitled Most V Ameriku v. Kapanets, L.A.S.C. Case No. SC SC093297 (hereinafter the “ACTION”).

1.3 **WHEREAS**, no Party makes any admission of liability herein and the Parties desire to settle their DISPUTE and the ACTION, and any and all claims, demands, disputes, issues or matters, of whatever nature and subject, that exist between them, as of the date of this Agreement, and also to settle and resolve (except for the obligations set forth in this Agreement) all future claims, demands, disputes, issues or matters arising out of or in connection with, or which could be claimed to arise out of or in connection with, the DISPUTE and the ACTION.

NOW WHEREOF, in consideration of the obligations, promises, releases, covenants, conditions, representations and warranties contained herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties hereto, the Parties do hereby resolve their differences and each agree as follows:

II.

SETTLEMENT AGREEMENT

To avoid any protracted litigation which would not be in the best interests of any of the Parties hereto, the Parties agree that upon execution and delivery of this Agreement, as follows:

2.1. KAPANETS agrees to pay to MVA upon mutual execution of this Agreement the sum of \$110,000.00 United States Dollars from 50% of monies received by KAPANETS from Seven Arts Pictures, Inc., Peter Hoffman, or any other source either directly or indirectly in connection with the distribution of the motion picture entitled "Mirror Wars." In the event that said \$110,000.00 is paid to MVA by October 1, 2007, MVA shall not be entitled to any other monies. Said monies shall be delivered and made payable to MVA, care of the Attorney Client Trust Account of Ronald Richards, P.O. Box 11480, Beverly Hills, CA 90213.

A. An additional monthly sum of \$2500 shall accrue on November 1, 2007, December 1, 2007 and January 1, 2008 if the entire sum of \$110,000 is not paid prior to the 1st of each preceding month. Said additional sums shall be delivered and made payable to MVA, care of the Attorney Client Trust Account of Ronald Richards, P.O. Box 11480, Beverly Hills, CA 90213.

B. In the event that the sum of \$110,000.00 plus any additional monthly sums provided for in 2.1 A, if any, are not paid in full by January 31, 2008, MVA shall be entitled to a stipulated judgment against KAPANETS, SU-XX, and WHITE EAGLE in the amount of \$150,000.00, less amounts previously paid. Interest shall accrue at 10% per annum on the unpaid judgment.

2.2 Upon execution of this agreement MVA shall dismiss the entire ACTION with prejudice, with the Court retaining jurisdiction to enforce the terms of the parties' settlement pursuant to C.C.P. Sec. 664.6.

2.3 Kapanets is to notify Seven Arts Picture, Inc. and Peter Hoffman that 50% of all monies to himself, SU-XX, WHITE EAGLE, or any other entity he controls that is receiving funds from Hoffman or his entities, shall be sent to Ronald Richards, Esq. at the address in paragraph 2.1A up to the amounts owed under this agreement. Kapanets further assigns 50% of his rights and interest to those funds to Most V up to the amounts owed under this agreement.

III.

GENERAL RELEASE

3.1 Release of DEFENDANTS by MVA. Effective immediately upon execution of the Agreement and payment in full of the amounts due and owing under Para. 2.1 and except for the obligations expressly set forth in this Agreement, MVA on its own behalf and on behalf of their heirs, subsidiaries, affiliated corporations, officers, directors, stockholders, partners, owners, representatives, administrators, servants, agents, employees, attorneys, predecessors, successors and assigns, fully and forever release and

discharge DEFENDANTS and each of their heirs, subsidiaries, parent corporations and their respective officers, directors, stockholders, partners, owners, representatives, administrators, servants, beneficiaries, partners, agents, principals, employees, attorneys, predecessors, predecessors' agents, successors, assigns, insurers, licensees and related business entities, from any claims, defenses, liens, agreements, attorney's fees and costs, expenses, damages, judgments, orders or liabilities of whatever kind of nature at law, equity or otherwise arising out of or relating to the DISPUTE and the ACTION from the beginning of the world.

3.2. MVA hereby warrants, represent and agrees that it is fully aware of the provisions of *California Civil Code* §1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

MVA voluntarily waives the provisions of *California Civil Code* §1542, and any other similar law, as to any and all claims, demands, causes of action, or charges of whatsoever nature, known or unknown, and further agree that this waiver is a material aspect of the consideration for entering into this Agreement.

IV.

GENERAL PROVISIONS

4.1 This Agreement documents the settlement of disputed claims is binding on the Parties and nothing contained herein is intended, nor shall it be construed, as an admission of liability arising from or connected with the Action.

4.2 The signatories to this Agreement represent that the Party on whose behalf they are executing this document has duly approved this Agreement and that they are authorized to execute this Agreement on behalf of that Party.

4.3 Each Party to this Agreement warrants and represents that he or it is the owner of all claims, demands and causes of action herein released, and that he or it has not assigned or transferred, or purported to assign or transfer, voluntarily or involuntarily, or by operation of law, any claims, demands or causes of action herein released.

4.4 Each Party to this Agreement acknowledges that he or it may hereafter discover facts in addition to or different from those he or it now knows or believes to be true relating to the subject matter of this Agreement but it is his or its intention to, and each Party does hereby fully, finally and forever settle and release any and all claims, demands and causes of action, as more fully stated in this Agreement.

4.5 This Agreement has been carefully read by, the contents hereof are known and understood by, and it is signed freely by, the undersigned. For purposes of *California Civil Code* §1654, and all other purposes, this Agreement shall be deemed to have been drafted by each of the Parties.

4.6 Each Party to this Agreement shall execute and deliver such additional documents as may be reasonably required to carry out the intention of the Parties as reflected in this Agreement.

4.7 Each Party to this Agreement warrants and represents that he or it has been duly executed and delivered by such Party and constitutes a legal, valid and binding obligation of such Party, enforceable against such party in accordance with its terms.

4.8 Each individual signing this Agreement on behalf of a corporation, partnership or limited liability company, and each such corporation, partnership and limited liability company represents and warrants that he or she has full power and authority to do so.

4.9 Waiver of any one breach of any provision of the Agreement shall not be deemed a waiver of any other breach of the same or any other provisions of the Agreement.

4.10. Except as may be necessary to enforce the provisions of this Agreement, the Parties hereto covenant and agree not to bring any claim, action, suit or proceeding against the other Party hereto, directly or indirectly, regarding or relating in any manner to the matters released hereby, and they further covenant and agree that this Agreement is a bar to any such claim, action, suit or proceeding.

4.11 No modification of, or amendment to, the Agreement shall be valid unless it is in writing and signed by the party or parties to be charged.

4.12 This Agreement has been negotiated and entered into in the State of California, and shall be governed by, construed and enforced in accordance with the laws of the State of California.

4.13 In the event a civil action is brought to enforce any of the terms or conditions of this Agreement, or to recover damages for its breach, the prevailing party in the civil action shall be entitled to recover all costs incurred in its commencement and

prosecution or defense, as the case may be, including but not limited to, reasonable attorney's fees, interest and costs.

4.14 This is an integrated Agreement and sets forth the entire agreement between the parties relating to the subject matter to which it refers. No other agreements, covenants, representations or warranties, express or implied, oral or written have been made by any party to another relating to the subject matter hereof. All prior and contemporaneous conversations, negotiations, representations, covenants and warranties, express or implied, oral or written, relating to the subject matter are merged into and superseded by this integrated Agreement.

4.15 Whenever the singular number is used herein and when required by the context, the same shall include the plural, and the masculine, feminine and neuter genders shall each include the others, and the word "person" shall include corporation, partnership, joint venture, association, trust, estate or other entity.

4.16 Should any provision of this Agreement become or be held to be legally unenforceable, no other provision of this Agreement shall be affected, and this Agreement shall be construed as if the Agreement had never included the unenforceable provision.

4.17 This Agreement may be signed in counterparts and the executed signature pages shall be combined to constitute one original document. This Agreement shall be effective upon execution and delivery of a facsimile copy of this Agreement by all Parties hereto, however, the Parties hereto shall thereafter exchange original execution copies.

4.175

4.175 In order to enforce a default of this agreement, plaintiff's counsel may apply to the Court ex parte with 72 hours notice to have the Court enter judgment pursuant to the terms of the parties' settlement and release agreement in accordance with C.C.P. Sec. 664.6.

4.18 This Agreement shall inure to the benefit of and shall be binding upon the

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Parties hereto, their heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Settlement and Release Agreement on the date set forth opposite their respective signatures.

Dated: August ____, 2007

MOST V AMERIKU

By: _____

Its: _____

Dated: August ____, 2007

SU-XX, INC.

By: _____

Its: _____

Dated: August ____, 2007

WHITE EAGLE FILM CORPORATION

By: _____

Its: _____

Dated: August ____, 2007

By: _____
OLEG KAPANETS

APPROVED AS TO FORM.

Dated: August __, 2007

By: _____
RONALD RICHARDS, Attorneys for Plaintiff
Most V Ameriku

Dated: August __, 2007

COSTA ABRAMS & COATE, LLP

By: _____
CHARLES M. COATE, Attorneys for Defendant
Oleg Kapanets

Dated: August __, 2007

By: _____
MICHAEL R. BLAHA, Attorneys for Defendants
SU-XX, Inc. and White Eagle Film Corporation

Dated: August 29, 2007

MOST V AMERIKU

By: Bob VanKonkel

Its: Director of Marketing

Dated: August ____, 2007

SU-XX, INC.

By: _____

Its: _____

Dated: August ____, 2007

WHITE EAGLE FILM CORPORATION

By: _____

Its: _____

Dated: August ____, 2007

By: _____
OLEG KAPANETS

APPROVED AS TO FORM.

Dated: August __, 2007

MOST V AMERIKU

By: _____

Its: _____

Dated: August 29, 2007

SU-XX, INC.

By: Oleg Kapranets

Its: President

Dated: August 29, 2007

WHITE EAGLE FILM CORPORATION

By: Oleg Kapranets

Its: President

Dated: August 29, 2007

By: Oleg Kapranets
OLEG KAPANETS

APPROVED AS TO FORM.