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Sunset Sound x Dempsey: Contractor Compensation Agreement

THIS CONTRACTOR COMPENSATION AGREEMENT (Agreement") is entered into as of January 1, 2024 by and between Sunset Sound Recorders Inc. ("Company") at 6650 Sunset Blvd., Los Angeles, CA 90028 and Drew Dempsey ("Dempsey") at 310 The Village Drive, #209, Redondo Beach, CA 90277. Company and Dempsey are collectively referred to herein as the "Parties". The Parties hereto hereby agree as follows:

1. Term: The term of this Agreement Shall be for an initial period of one (1) year commencing on January, 1, 2024 (the "Term"). The Parties may mutually elect to extend or renew the Term of this Agreement by written amendment.

2. Contractor's Services/SOW: During the Term hereof Dempsey shall, on a non-exclusive but consistent basis: develop and manage marketing and branding programs on Company's behalf; create promotional content for Company's social media, webpages and in the press in order to market Company and raise the visibility and goodwill of Company's recording studio business among prospective clients in the music industry. Dempsey shall assess Company's assets and make suggestions to maximize revenues and develop new sources of revenue. Dempsey shall oversee Company's merchandise program. The foregoing responsibilities are referred to as Dempsey's "Services" hereunder. It is expressly agreed that during the Term hereof, Dempsey may pursue other revenue streams with third parties as a music producer, filmmaker, songwriter and/or marketing consultant so long as such activities do not reflect badly on Company nor are rendered to a third party who is direct competitor of Company in the recording studio services industry.
3. Monthly Base Rate – Fixed Compensation: In consideration of such Services, during the Term hereof, Company shall pay to Dempsey, as a base consultation fee, a monthly Base Rate of Three Thousand Five Hundred Dollars ($3,500), which shall be paid on a semi-monthly basis in installments of One Thousand, Seven Hundred Fifty Dollars ($1,750.00) each. Additionally, Company has furnished Dempsey with an office and editorial suite, which space has a market value, if rented to a third party, in excess of Two Thousand Dollars/month.

4. Contingent Commissions: Company shall pay to Dempsey the following commissions on business revenues directly cultivated by Dempsey for which Company has received payment:

    a. Studio Rentals: For (new) clients, brought in or referred by Dempsey ("Dempsey Sourced Rentals") and clients referred by the Dempsey Sourced Rentals' clients, at full hourly or lock-out Book Rate during the Term and post-Term, Dempsey shall receive a commission in the amount of 5% of net facilities rental fees (exclusive of labor but including Company owned equipment rentals). Unpaid commissions on such Dempsey Sourced Rentals which occurred during the three (3) years prior to current Term (e.g.,

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2021 to 2023) shall be retroactively accounted and paid within 45 days of execution of this Agreement. Such participation shall terminate in the event that Company is sold or Dempsey no longer works with Company.

b. Merchandise Sales: A commission of 10% of net revenues (gross sales minus cost of goods sold, shipping, sales tax and vendor fees) on merchandise direct sales.

c. You Tube Channel /Dempsey Podcast Ad Share Revenues: Co-own channel with Sunset; 50-50% split of monies received on content created by Dempsey. In the event of a production expenditure payable to a third party in excess of $100 is incurred and paid by Company then that cost shall be deducted off the top prior to the revenue share calculation and distribution.

d. Work Order Reproduction Sales: 30% of applicable sales generated by Dempsey.

e. Real Estate Leases: With respect to long term studio leases (such as the Shooter lease) and the lease of surplus office space within the Sunset Sound "compound," Company shall pay to Dempsey the amount of 5% of the monthly lease payments(s) following a Dempsey procured Lessee approved by Company. Company shall pay this commission net of the actual attorney's fees to paper the transaction are paid (e.g., if the first month's rent was $5,000 and attorney's fees were $2,000, then Dempsey's share that month would be calculated as $3,000 x 0.05 = $150.00 and subsequent months, he would be paid $250.00).

f. Sales of New Tutti Pre-Amps and Used Equipment/Instruments: A commission of 10% on the sale of any new equipment and 7% on the sales of any used equipment facilitated or brokered by Dempsey.

g. Location Rentals: Dempsey shall receive a commission of 10% on all film location rental fees procured via gigster.com, lafilm.com and the like or otherwise through his efforts.

h. Book Projects: A commission of 10% of revenues to Company on any book projects facilitated by Dempsey and where Dempsey procures a publishing contract that is approved by both Camarata and his partner in any such project.

i. Digital Plug-Ins with Steven Slate Audio and other business/new revenue streams based on digital content developed during the Term: A commission of 10% of sales and advances-minimum guarantees (net of any out-of-pocket expenses incurred by Company, if any) on the VFX Headphones/Sunset Consoles, Drum pack, and any future digital products.

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j. Accounting. Commissions on (a) to (i) above shall be paid to Dempsey, via Zelle, within 30 days following the month in which any commissionable revenues are received.

k. Projects that Dempsey Executive Produces: Immersive, time-consuming projects such as Live at Sunset Concert Series and the Sound Libraries for Studios 2 and 3 shall be on a Joint Venture basis between Dempsey and Company. Participations with respect to all other prospective new business shall be negotiated by the Parties on a case-by-case, good-faith basis.

l. Dempsey Personal Projects: With respect to Dempsey's outside producer projects with Wise and with various artists, at Company's election, Company shall either be i) reimbursed for the studio time and related employee expenses, if any or ii) receive a participation of 50% of 100% of Dempsey's share of revenues on the given project.

5. Independent Contractor Relationship:

a. Dempsey's relationship with Company is that of an independent contractor, and nothing in this Agreement is intended to, or should be construed to, create a partnership, agency, joint venture or employment relationship between Company and any of Dempsey's employees or agents. Dempsey will not be entitled to any of the benefits that Company may make available to its employees, including, but not limited to, group health or life insurance, profit-sharing or retirement benefits. Because Dempsey is an independent contractor, Company will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain workers' compensation insurance on behalf of Dempsey. Dempsey is solely responsible for, and will file, on a timely basis, all tax returns and payments required to be filed with, or made to, any federal, state or local tax authority with respect to the performance of Services and receipt of fees and commissions under this Agreement. Dempsey is solely responsible for, and must maintain adequate records of, expenses incurred in the course of performing Services under this Agreement. No part of Dempsey's compensation will be subject to withholding by Company for the payment of any social security, federal, state or any other employee payroll taxes. Company will regularly report amounts paid to Contractor by filing Form 1099-MISC with the Internal Revenue Service as required by law. If, notwithstanding the foregoing, Contractor is reclassified as an employee of Company, or any affiliate of Company, by the U.S. Internal Revenue Service, the U.S. Department of Labor, or any other federal or state or foreign agency as the result of any administrative or judicial proceeding, Dempsey agrees that Dempsey will not, as the result of such reclassification, be entitled to or eligible for, on either a prospective or retrospective basis, any employee benefits under any plans or programs established or maintained by Company.

b. Dempsey assumes all risks of any nature inherent in providing its Services to Company and shall be responsible to provide its own liability, health, and errors and omissions insurance coverage applicable to its Services.

c. Dempsey expressly and knowingly waives any and all claims against Company for workers' compensation benefits as provided under state and federal laws to employees.

d. Dempsey agrees to and does hereby indemnify Company, its clients, its parent, affiliated, subsidiary and related companies and their respective officers, directors, shareholders and employees and any other person claiming under Company (hereinafter called "Company Indemnitees") for, and hold the Company Indemnitees harmless from and against any and all claims, suits, liability, expense, damage, penalties, fines and other sanctions, cause of action or judgment, including reasonable attorneys' fees, resulting from economic loss, harm, injury to or death sustained by any person or persons, or damage to property of any kind, to the extent such economic loss, harm, injury, death or damage is caused by Dempsey's negligent conduct in connection of the performance of the Services independently performed for Company or that of its independent contractors or employees or any breach by Contractor or that of its independent contractors or employees of the terms of this Agreement, including, but not limited to, the representation and warranties contained herein. Notwithstanding the foregoing, excluded only from this indemnification are the use of any materials furnished by Company to Dempsey.

6. Rights/Work Product: All work product and content created by Dempsey for Company pursuant to this Agreement, unless otherwise expressly agreed in writing, shall be irrevocably assigned by Dempsey to Company as its sole intellectual property.

7. Confidentiality:

   a. During the Term of this Agreement and thereafter Dempsey (and its personnel, if applicable) (i) will not use or permit the use of Company Confidential Information in any manner or for any purpose not expressly set forth in this Agreement, (ii) will hold such Confidential Information in confidence and protect it from unauthorized use and disclosure, and (iii) will not disclose such Confidential Information to any third parties except as set forth in this section and in Section 9 below. Dempsey (and its personnel, if applicable) will protect Company's Confidential Information from unauthorized use, access or disclosure in the same manner as Dempsey protects its own confidential information of a similar nature, but in no event will it exercise less than reasonable care. "**Confidential Information**" as used in this Agreement means all information disclosed by Company and (Paul Camarata individually) to Dempsey whether during or before the Term

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of this Agreement, that is not generally known in the Company's trade or industry and will include, without limitation: (a) concepts and ideas relating to the development and distribution of content in any medium or to the current, future and proposed products or services of Company or its subsidiaries or affiliates; (b) trade secrets, drawings, inventions, know-how, software programs, and software source documents; (c) information regarding plans for research, development, new service offerings or products, marketing and selling, business plans, business forecasts, budgets and unpublished financial statements, licenses and distribution arrangements, prices and costs, suppliers and customers; (d) existence of any business discussions, negotiations or agreements between the parties; and (e) any information regarding the skills and compensation of employees, contractors or other agents of Company or its subsidiaries or affiliates. Confidential Information also includes proprietary or confidential information of any third party who may disclose such information to Company or Dempsey in the course of Company's business. Confidential Information does not include information that (x) is or becomes a part of the public domain through no act or omission of Dempsey, y) is disclosed to Dempsey by a third party without restrictions on disclosure, or (z) was in Dempsey's lawful possession without obligation of confidentiality prior to the disclosure and was not obtained by Dempsey either directly or indirectly from Company. In addition, this section will not be construed to prohibit disclosure of Confidential Information to the extent that such disclosure is required by law or valid order of a court or other governmental authority; provided, however, that Dempsey will first have given notice to Company and will have made a reasonable effort to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued. Notwithstanding anything to the contrary in this Agreement or any other agreement between Company and Dempsey, nothing in this Agreement shall limit Contractor's right to report possible violations of law or regulation with any federal, state, or local government agency. Additionally, nothing in this Agreement, including this paragraph shall prevent Dempsey from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Dempsey has good faith reason to believe is unlawful.

b. The Parties agree to maintain the confidentiality of any sensitive or private information shared during the course of this Project. The Parties may disclose such confidential information only to (i) its attorneys, accountants and other advisors, who have a "need to know" in connection with such Party's consideration of such matters and who have agreed to hold such information confidentially, and (ii) as applicable law may require. The Parties also agree that none of them, nor any of their respective officers, directors, employees, representatives or other agents, shall disparage the other Parties in public or otherwise take any action or make any comment that would harm in any way the goodwill, business or reputation of the other

Parties, except in a suit or other proceeding to enforce the provisions of this Agreement or as otherwise may be required by law. This provision will remain binding and in full force and effect, notwithstanding the expiration, termination, binding or nonbinding effect of this Agreement at any time. The Parties agree to treat all terms of this Agreement as Confidential Information. Each Party acknowledges that no remedy of law may be adequate to compensate the injured Party for a violation of this Section and each of them hereby agrees that, in addition to any legal or other rights that may be available in the event of a breach hereunder, the injured Party may seek equitable relief to enforce this Section in any court of competent jurisdiction.

8. Relationship of the Parties and the Draftor. The Parties acknowledge that this Agreement was prepared by Sally Koenig, their joint legal counsel, and they each have had input as to its terms. The Parties have the right to seek independent legal review on their own behalf to ensure that the Agreement is fair to each Party and in their respective best interests.

9. Professional Behavior: At all times during the Term, Dempsey shall: while on Company's premises and/or in the pursuit of any business on Company's behalf, comport himself professionally; strive to maintain a safe, healthy and harassment-free work environment; observe all applicable laws; act with integrity, protect Company's intellectual property; and maintain a COVID vaccination status in accord with current CDC recommendations. A material breach of this paragraph may result in the unilateral "for cause" termination of this Agreement by Company. Provided however, in the event of any such termination, all contingent compensation set forth in paragraph 4 hereinabove that due at the date of termination or thereafter accruing shall remain payable to Dempsey and shall not be divested.

10. General:

(a) This Agreement sets forth the entire understanding between the Parties and cannot be changed, modified or canceled except by an instrument signed by the party sought to be bound. This Agreement supersedes any and all prior negotiations, understanding and agreements between the parties with respect to the subject matter hereof. Each of the parties acknowledges and agrees that neither party has made any representations or promises in connection with this Agreement of the subject matter hereof which are not contained herein.

(b) The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof.

(c) The waiver by either Party of any breach of this Agreement shall not in any way be construed as a waiver of any subsequent breach of this Agreement, whether similar or not.

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(d) The captions in this Agreement are for convenience only and are not to be deemed as part of the Agreement or relied upon in the construction or interpretation thereof.

(e) The Parties hereto shall execute any further documents and do all acts necessary to fully effectuate the terms and provisions of this Agreement.

(f) The Agreement shall be construed and interpreted pursuant to the laws of the State of California applicable to contracts made and fully performed entirely therein, and the Parties consent to the jurisdiction of the courts of the State of California, including the federal courts located in California should federal jurisdictional requirements exist, in any action brought to enforce or otherwise relating to this Agreement.

(g) In the event of any dispute arising out of or relating to this Agreement, the Parties agree to first attempt to resolve the dispute through mediation. The Parties shall mutually select a qualified and impartial mediator and participate in good faith in the mediation process. Mediation shall take place in Los Angeles, California. The costs of the mediation shall be shared equally by the parties. If mediation is not successful in resolving the dispute within ninety (90) days from the initiation of the mediation process, either party may then pursue other available remedies, including litigation. The Parties' remedies for shall be limited to an action at law for money damages, if any. With respect to any breach which is capable of cure, neither Party shall be in breach of this Agreement unless that Party fails to cure any breach within thirty (30) days of receipt of written notice of the breach. A waiver of any breach shall not waive a prior or subsequent breach.

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement as of the day and year first written above.

AGREED TO AND ACCEPTED:

Sunset Sound Recorders, Inc. ("Company")

DocuSigned by:

By: Paul Camarata
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Its: President

Dated: 5/8/2024

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Drew Dempsey ("Dempsey")

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By: DocuSigned by: Drew Dempsey 61510E35B9ED4DD...

Tax ID No.: _____

Dated: 5/9/2024