

November 19, 2013

3507 Ringsby Court, Denver, CO 80216

Law Offices of Crough & Schenck

croughschenck.com

David Crough, Esq.
Partner
David@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com



Contents

Section	Page No.
Form of Organization and Justification	3
Operating Agreement	5
Strategy and Marketing Plan	14
Office Space, Equipment, and Technology Plan	22
Positions and Justifications	55
Employee Handbook & Policies	58
Administrative Systems Plan	96
Budgeting	101



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Form of Organization and Justification



Form of Organization and Justification

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Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
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Type of Practice, Place and Why

Crough & Schenck Law Office is an auto insurance defense firm. Auto insurance laws make coverage mandatory in order to drive, and car accidents are inevitable, as are the resulting damages from them. Those losses frequently turn into disputes that result in lawsuits, and insurance regulations require the insurer to both indemnify and defend. All of this leads to a constant stream of new lawsuits. Insurance companies are great clients because they are a consistent referral source, and they pay their legal bills on time.

Once the relationships with insurance companies are established, it will be up to the firm to decide how much work they want to handle. As anyone knows, automobile accidents are an unavoidable aspect of life. So, once we solidify our relationship with our clients, this unfortunate unavoidability leads to constant business.

The physical office of Crough & Schenck is located in the River North district (RiNo) of the downtown Denver, CO area. This particular location of Denver is close to the downtown area wherein the courthouses of significance to our practice lie. Clients have the ability to access the Crough & Schenck Law Office in a number of ways, including RTD Public Transportation, bicycle pathways, or via personal vehicles. Amenities offered by virtue of the RiNo district location are free on-site parking for all clients, a host of local eateries, and plenty of green space. The greatest advantage of the Crough & Schenck Law Office location is the ability to offer clients into a welcoming, pleasant community atmosphere while our knowledgeable staff and legal team handle their auto insurance defense needs.

Form of Organization and Justification

The organization of Crough & Schenck Law Office is as a member managed LLC. Of the two varieties of LLC management structure, manager managed and member managed, we chose the latter. A member managed LLC designates that each member has authority to act on behalf of the business. Each member of Crough & Schenck Law Office has direct participation in the management of the business.

November 19, 2013

Operating Agreement



Here

OPERATING AGREEMENT

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
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Contents

Article 1 - Offices	1
Article 2 - Membership Meetings.....	2
Article 3 - Finance.....	3
Article 4 - Management	3
Article 5 - Miscellaneous	4
Article 6 - Transfers and Assignments of Interests	4
Article 7 - Allocations and Distributions.....	6
Article 8 - Membership Interests, Voting and Management.....	7
Exhibit A - Original Members	8

Article 1 - Offices

Section 1. *Principal Office.* The principal office of the company in Colorado shall be located at 3507 Ringsby Ct. Denver, CO 80216, Colorado. The company may have any other offices, either within or without Colorado, as the members may designate or as the business of the company may from time to time require.

Section 2. *Registered Office.* The registered office of the company may, but need not, be identical with the principal office in Colorado. The address of the initial registered office of the company is 3507 Ringsby Ct. Denver, CO 80216.

Article 2 - Membership Meetings

Section 1. *Annual Meeting.* The annual meeting of the members shall be held the third Wednesday in the month of January in each year, at 3:00 p.m., for the purpose of electing a Chief Executive Member and for the transaction of any other business as may come before the meeting. If the day fixed for the annual meeting is a legal holiday, the meeting shall be held on the next succeeding business day.

Section 2. *Regular Meetings.* The members may by resolution prescribe the time and place for the holding of regular meetings and may provide that the adoption of the resolution shall constitute notice of the regular meetings. If the members do not prescribe the time and place for the holding of regular meetings, the regular meetings shall be held at the time and place specified by the members in the notice of each regular meeting.

Section 3. *Special Meetings.* Special meetings of the members may be called by any member, by not less than one-tenth of all the members entitled to vote at the meeting or by any other persons as may be proved in the articles of organization or the operating agreement.

Section 4. *Notice of Meeting.* Written notice stating the place, day and hour of the meeting and, in case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than 10 days nor more than 50 days before the date of the meeting, either personally or by mail, by or at the direction of the members or person calling the meeting, to each member of record entitled to vote at the meeting. If mailed, the notice shall be deemed delivered when deposited in the United States mail, addressed to the member, with postage prepaid, at his or her address as it appears on the books of the company. When all the members of the company are present at any meeting, or if those not present sign in writing a waiver of notice of the meeting, or subsequently ratify all the proceedings of the meeting, the transactions of the meeting are as valid as if a meeting were formally called and notice had been given.

Section 5. *Quorum and Voting.* At any meeting of the members, a majority of the members shall constitute a quorum at a meeting of members. If a quorum is present, the affirmative vote of the majority of the members represented at the meeting and entitled to vote on the subject matter shall be the act of the members. If a quorum is not represented at any meeting of the members, the meeting may be adjourned for a period not to exceed 60 days at any one adjournment. At the adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 6. *Proxies.* At all meetings of members, a member may vote by proxy executed in writing by the member or by that member's duly authorized attorney-in-fact. The proxy shall be filed with the Chief Executive Member of the company before or at the time of the meeting. No proxy shall be valid after 11 months from the date of execution, unless otherwise provided in the proxy.

Section 7. *Action Without a Meeting.* Any action required or permitted to be taken at a meeting of the members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each

member entitled to vote. The written consent of the members entitled to vote has the same force and effect as a unanimous vote of the members.

Section 8. *Order of Business.* The order of business at all meetings of the members shall be as follows:

1. Roll call.
2. Proof of notice of meeting or waiver of notice.
3. Approval of minutes of preceding meeting.
4. Report of the members.
5. Reports of the committees.
6. Unfinished business.
7. New business.

Article 3 - Finance

Section 1. *Form of Contribution.* The contribution of a member may be in cash, property, or services rendered or a promissory note or other obligation to contribute cash or property or to perform services.

Section 2. *Liability.* A member is not obligated to the company to perform any unenforceable promise to contribute cash or property or to perform services if the member is unable to perform because of death, disability, or any other reason. No promise by a member to contribute to the company is enforceable unless set out in writing signed by the member.

Section 3. *Profits and Losses.* Profits and losses shall correspond to each member's percentage of ownership in the LLC.

Section 4. *Distributions.* Distributions of cash or other assets of the company shall be allocated amongst the members based on each member's percentage of ownership.

Article 4 - Management

Section 1. *Management of the Business.* The management of the business shall be invested in the members. The members shall appoint one Chief Executive Member. The Chief Executive Member is the Member with the most responsibility and head of operations of the business.

Section 2. *Action by Member.* The act of the majority of the members of the company shall be necessary for the members to act.

Section 3. *Election of Term.* At each annual meeting of the members, they shall elect one member to act as Chief Executive Member to hold office until the next succeeding annual meeting. Each Chief Executive Member shall hold office for the term for which elected and until a successor has been elected and qualified.

Section 4. *Debt.* No debt shall be contracted or liability incurred by or on behalf of the company, except by one or more of its members.

Article 5 - Miscellaneous

Section 1. *Fiscal Year.* The fiscal year of the company shall begin on the first day of January and end on the last day of December of each year, unless otherwise determined by resolution of the members.

Section 2. *Deposits.* All funds of the company shall be deposited from time to time to the credit of the company in the banks, trust companies or other depositories that the members may select.

Section 3. *Checks, Drafts, Etc.* All checks, drafts, or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the company shall be signed by one or more of the members.

Section 4. *Amendments.* This operating agreement may be amended or repealed and a new operating agreement may be adopted on the unanimous written agreement of the members.

Article 6 - Transfers and Assignments of Interests

Section 1. *Resignation of Membership and Return of Capital.* For a period of one (1) year after the Articles of Organization for the Company is filed, no Member may voluntarily resign his or her membership in the Company, and no Member shall be entitled to any return of capital from the Company, except upon the written consent of all the other Voting Members.

During the second year after the filing, a Member may voluntarily resign his membership, but such Member shall be entitled to receive from the company only the book value of his ownership interest, adjusted for profits and losses to the date of resignation, unless otherwise agreed by written consent of all the other voting members. Subsequent to the second year after filing, a member may voluntarily resign his membership and shall be entitled to receive from the company the fair market value of his ownership interest, adjusted for profits and losses to the date of resignation. Fair market value may be determined informally by unanimous agreement of all the voting members, including the resigning member. In the absence of an informal agreement as to fair market value, the voting members shall hire an appraiser, at the company expense to determine fair market value.

The voting members, other than the resigning member, may elect, by written notice that is provided to the resigning member within thirty days after the resignation date, for the company to purchase the resigning member's interest in four equal annual installments, with the first installment due sixty days after the member's resignation.

Section 2. *Death of a Member.* Upon the death of a member, the member's estate or beneficiary or beneficiaries, as the case may be, shall be entitled to receive from the company, in exchange for all the deceased member's ownership interest, the fair market value of the deceased member's ownership interest, adjusted for profits and losses to the date of death. Fair market value may be determined informally by a unanimous good-faith agreement of all of the voting members. In the absence of an informal agreement as to fair market value, the voting members shall hire an appraiser, at the company expense, to determine fair market value.

The voting members may elect, by written notice that is provided to the deceased member's estate or beneficiary or beneficiaries, within 30 days after the member's death, to have the company purchase the deceased member's ownership interest over a one-year period, in four equal installments, with the first installment being due sixty days after the member's date of death.

Unless otherwise agreed unanimously by the voting members, prior to the completion of such purchase, the member's estate or beneficiary or beneficiaries, shall have no right to become a member or to participate in the management of the business and affairs of the company as a member, and shall only receive the share of profits and the return of capital to which the deceased member would otherwise have been entitled. The company may purchase insurance on the lives of any of the members, with the company named as the beneficiary, and use all or any of the proceeds from such insurance as a source of proceeds from which the deceased member's membership ownership interest may be purchased by the company.

Section 3. *Restrictions on Transfer.* Except as otherwise provided in this article or upon the unanimous consent of all the other voting members, no member shall sell, hypothecate, pledge, assign or otherwise transfer, with or without consideration, any part or all of his ownership interest in the company to any other person or entity without first offering that portion of his ownership interest into the company subject to the contemplated transfer first to the company, and secondly, to the other voting members at the purchase price and in the manner prescribed in the offer.

The offering member shall make the offer first to the company by written notice. Within twenty days after receipt by the company of the offering notice, the company shall notify the offering member in writing, whether the company shall accept the offer and shall purchase all but not less than all of the offered interest. If the company accepts the offer to purchase the offered interest, the company notice shall fix a closing date not more than twenty-five days after the expiration of the company offer period.

In the event the company decides not to accept the offer, the offering member of the company at his or its election shall by written notice given within that period terminating ten days after the expiration of the company offer period within which to notify in writing the offering member whether or not he intends to purchase all but not less than all of the offered interest. If two or more voting members of the company desire to accept the offer to purchase the offered interest, then, in the absence of an agreement between them, such voting members shall have the right to purchase the offered interest in proportion to their respective percentage voting interests. If the other voting members intend to accept the offer and to purchase the offered interest, the written notice required to be given by them shall fix a closing date not more than sixty days after the expiration of the member acceptance period.

The aggregate dollar amount of the transfer purchase price shall be payable on the company closing date or on the member closing date, as the case may be, unless the company or the purchasing voting members shall elect by written notice that is delivered to the offering member, prior to or on the company closing date or the member closing date, as the case may be, to purchase such offered interest in four equal annual installments, with the first installment being due on the closing date.

If the company or the other voting members fail to accept the offer or, if the offer is accepted by the company or the other voting members and the company or the other

voting members fail to purchase all of the offered interest at the transfer purchase price within the time and in the manner specified, then the offering member shall be free, for a period of sixty days from the occurrence of such failure, to transfer the offered interest to a transferee; provided however, that if all the other voting members other than the offering member do not approve of the proposed transfer by unanimous written consent, the transferee of the offered interest shall have no right to become a member or to participate in the management of the business and affairs of the company as a member, and shall only have the rights of an assignee and be entitled to receive the share of profits and the return of capital to which the offering member would otherwise have been entitled. A transferee shall be admitted as a member of the company, and as a result of which he shall become a substituted member, with the rights that are transferred only if such new member is approved by greater than one half of the voting members, delivers to the company any required capital contribution, agrees in writing to be bound by the terms of this agreement by becoming a party hereto.

If the offering member shall not transfer the offered interest within the free transfer period, his right to transfer the offered interest pursuant to the offer, free of the foregoing restrictions, shall thereupon cease and terminate.

Section 4. *Involuntary Transfer of a Membership Interest.* A creditor's charging order or lien on a member's membership interest, bankruptcy of a member, or other involuntary transfer of member's membership interest, shall constitute a material breach of this agreement by such member. The creditor, transferee or other claimant, shall only have the rights of an assignee, and shall have no right to become a member, or to participate in the management of the business and affairs of the company as a member under any circumstances, and shall be entitled only to receive the share of profits and losses, and the return of capital, to which the member would otherwise have been entitled. The voting members, including a voting member whose interest is the subject of the charging order, lien, bankruptcy, or involuntary transfer, may unanimously elect, by written notice that is provided to the creditor, transferee or other claimant, at any time, to purchase all or any part of the membership interest that was the subject of the creditor's charging order, lien, bankruptcy, or other involuntary transfer, at a price that is equal to one-half of the book value of such interest, adjusted for profits and losses to the date of purchase. The members agree that such valuation is a good-faith attempt at fixing the value of the interest, after taking into account that the interest does not include all of the rights of a member, and after deducting damages that are due to the material breach of this agreement.

Article 7 – Allocations and Distributions

Section 1. *Allocations of Profits and Losses.* Profits and Losses shall be allocated among the Members in proportion to their Percentage Ownership Interests. Any special allocations necessary to comply with the requirements set forth in Internal Revenue Code Section 704 and the corresponding Regulations, including, without limitation, the qualified income offset and minimum gain chargeback provisions contained therein, shall be made if the Voting Members deem these actions to be appropriate.

Section 2. *Distributions.* Subject to applicable law and any limitations elsewhere in this Agreement, the Voting Members shall determine the amount and timing of all

distributions of cash, or other assets, by the Company. Except as otherwise provided in this Agreement, distributions shall be made to Members in the proportion to their Percentage Ownership Interests. Except as otherwise provided in this Agreement, the decision as to whether to make distributions shall be within the sole discretion of the Voting Members.

Distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record on the actual date of distribution. The Voting Members may base a determination that a distribution of cash may be made on a balance sheet, profit and loss statement, cash flow statement of the Company, or other relevant information. Neither the Company nor the Members shall incur any liability for making distributions.

Section 3. *Form of Distribution.* No Member has the right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members except on the dissolution and winding up of the Company.

Article 8 – Membership Interests, Voting and Management

Section 1. *Initial Members.* The initial Members of the Company are identified on Exhibit A, attached.

Section 2. *Classification of Membership Interests.* The Company shall issue Class A Voting Capital (“Voting Capital”), to the Voting Members (the Voting Members”). The Voting Members shall have the right to vote under the Act or under this Agreement, in proportion to their respective Percentage Voting Interest (“Percentage Voting Interest”) in the Company. The Percentage Voting Interest of a Voting Member shall be the percentage that is derived when the Member’s Voting Capital account is divided by the total of all the Voting Capital accounts.

The Company may issue Class B Nonvoting Capital (“Nonvoting Capital”). Members may own interests both Voting Capital and Nonvoting Capital. Members who only own interest in Nonvoting Capital (“Nonvoting Members”) shall have no right to got upon any matters.

Section 3. *Percentage Ownership and Voting Interests.* A Member’s Ownership Interest (“Ownership Interest”) is the total of [his/her] interests in Voting Capital and Nonvoting Capital, together with all of the rights, as a Member of the Company, that arise from such interests. The Percentage Ownership Interest (“Percentage Ownership Interest”) of a Member shall be calculated by adding together that Member’s Voting Capital Account and Nonvoting Capital Account, and then dividing this sum by the total of all of the Member’s Voting Capital and Nonvoting Capital Accounts.

The Members shall have the initial Ownership, Percentage Ownership and Percentage Voting Interests in the Company, immediately following the making of the Capital Contributions set forth.

Section 4. *Management by Voting Members.* The Voting Members shall manage the Company and shall have the right to vote, in their capacity as Members, upon all matters upon which Members have the right to vote under the Act or under this Agreement, in proportion to their respective Percentage Voting Interests in the Company. The

Nonvoting Members shall have no right to vote or otherwise participate in the management of the Company. No Nonvoting Member shall, without the prior written consent of all of the Voting Members, take any action on behalf of, or in the name of, the Company, or enter into any contract, agreement, commitment or obligation binding upon the Company, or perform any act in any way relating to the Company or the Company's assets.

Section 5. *Voting Control.* The decision of Voting Members owning more than fifty percent (50%) of the Percentage Voting Interests in the Company shall be controlling. The consent of each member is necessary, however, to amend the Articles of Organization, amend the Agreement, or to authorize an act of the Company that is not in the ordinary course of business of the Company.

Except as otherwise provided or permitted by this Agreement, no Voting Member acting individually, in *[his/her]* capacity as a Member of the Company, shall have any power or authority to sign for, bind or act on behalf of the Company in any way, to pledge the Company's credit, or to render the Company liable for any purpose.

Section 6. *Liability of Members.* All debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member of the Company.

Section 7. *New Members.* The Voting Members may issue additional Voting Capital or Nonvoting Capital and thereby admit a new Member or Members, as the case may be, to the Company, only if such new Member: (i) is approved unanimously by the Voting Members; (ii) delivers to the Company *[his/her]* required Capital Contribution; (iii) agrees in writing to be bound by the terms of this Agreement by becoming a party hereto; and (iv) delivers such additional documentation as the Voting Members shall reasonably require to so admit such new Member to the Company.

Upon the admission of a new Member or Members, as the case may be, to the Company, the capital accounts of Members, and the calculations that are based on capital accounts, shall be adjusted appropriately.

A severance of ownership can and will occur if an irreconcilable dispute arises.

Exhibit A - Original Members

1. David Crough
2. Augustus Schenck
3. William Murphy
4. Nicholas Pitts

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Strategy and Marketing Plan



Strategy and Marketing Plan

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Table of Contents

Strategy Plan	2
SWOT Analysis.....	2
Vision	2
Mission Statement	3
Corporate Values.....	3
Business Objectives.....	3
Key Strategies	4
Major Goals.....	4
Marketing Plan.....	5
Target Market.....	5
Strategies to Reach the Market.....	5
A. Advertising	5
B. Phone Book	6
C. Internet Website	6
D. Ongoing Marketing Efforts	6

Strategy Plan

SWOT Analysis

<p style="text-align: center;">Strengths</p> <p>What are the perceived strengths of the firm?</p> <ol style="list-style-type: none">1. highly qualified lawyers2. excellent administrative support3. paraprofessional who work collaboratively with attorneys4. state-of-the-art technology5. low turnover6. strong support systems	<p style="text-align: center;">Weaknesses</p> <p>What are the perceived firm's weaknesses?</p> <ol style="list-style-type: none">1. associate-level attorneys' inability to bring new clients to the firm2. faulty billing systems prolonging accounts receivable3. performance issues with staff that affect productivity or employee engagement
<p style="text-align: center;">Opportunities</p> <p>List several opportunities for firm growth.</p> <ol style="list-style-type: none">1. extending an employment offer to a new equity partner whose book of business will significantly enhance the firm's client base2. media attention3. hosting seminars	<p style="text-align: center;">Threats/Challenges</p> <p>What threats/challenges does the firm face?</p> <ol style="list-style-type: none">1. clients' business closure, slowdown or withdrawal from your client base2. clients looking to lower costs

Vision

The firm's vision in 3-4 years' time is:

To have a steady client base of independent insurance agents and their insureds within six months;

To have developed a stellar reputation among the legal community within the first year of operation;

To provide effective defense services to the auto insurance industry;

To provide a work/life balance to its employees by limiting its operations to regular work-week business hours; and

To strive to create a "tough but fair" reputation in the local legal community.

Mission Statement

The central purpose and role of Law Offices of Crough & Schenck is:

The firm will provide highly skilled and cost-effective defense services to the auto insurance industry. The firm will provide a work/life balance to its employees by limiting its operations to regular workweek business hours. The firm will strive to create a “tough but fair” reputation in the local legal community.

Corporate Values

The corporate values governing Law Offices of Crough & Schenck include:

- Honesty and integrity;
- Excellence;
- Hard work;
- Teamwork and collaboration;
- Mutual respect and firm mindedness;
- Diversity and inclusion; and
- Service to our communities.

Business Objectives

Longer-term business objectives of Law Offices of Crough & Schenck are:

Crough & Schenck measures success by achieving client objectives.

Additionally, Crough & Schenck focuses on the following as primary objectives for a successful law firm:

- Cost certainties and ROI;
- Ever greater command and control of the information and data we rely upon for planning and executing case strategies;
- Enhancing our decision-making abilities and tools;
- Centralization of our legal operations resulting in greater efficiencies of scale;
- Devotion to insuring secure information and data;
- Technology excellence;
- Focus on human capital; and
- The use of repeatable, measurable, and defensible processes.

Key Strategies

Crough & Schenck focuses on furthering our clients' business objectives. We serve our clients' interests by not only through a strategy of winning cases at trial. We seek to mitigate loss for our clients and their insureds in the most economical way possible. Still, if a case needs to go to trial, our experienced team of lawyers will put forth the strongest case possible.

We take the time to develop a strong and lasting relationship with our clients. When they call upon us for our services, we take the time and effort to establish the client/lawyer relationship with the insured that is needed and expected. We tailor our approach and solutions to each case for maximum results, because each case is different.

The following critical strategies pursued by Law Offices of Crough & Schenck include:

1. Establish the financial strategy necessary to make the business self-sufficient
2. Develop pricing criteria for the services rendered
3. Develop payment criteria for associates and administrative assistants
4. Produce daily blog entries pertinent to lawyers
5. Maintain a professional website

Major Goals

The following key targets achieved by Law Offices of Crough & Schenck over the next 3-4 years:

- To increase our client base by 50% per year;
- To double the number of associates;
- To add a partner who will increase client base by 30%; and
- To expand staff commensurate with increase in associates and additional partner.

Marketing Plan

Target Market

The target market for client referrals will be auto insurance companies. Since auto insurance is mandatory, and auto collisions are inevitable, there is a constant stream of claims generated from the use of Colorado's roadways. Of the thousands of claims that occur every month, many of them develop into disputes that require litigation.

When an insured driver is sued, they turn to their auto insurance carrier to provide a defense. The obligation to provide that defense is a mandatory requirement under Colorado's insurance requirements. As a result, there is a large need amongst auto insurance carriers for capable defense lawyers. Most insurance companies outsource their need for defense lawyers to local law firms. The defense lawyer is obligated to represent the interests of insured driver, and the insured driver only. While the insurance company is obligated to pay any indemnity up to the policy limits, they are not the client. The insurance company aids in the development of the defense strategy, and the company pays all of the legal fees. Typically, the interests of the insured and the insurer align, so there is cooperative relationship between the defense lawyer, the insured client, and their insurance carrier. This is a lucrative business model, because the insurance companies are solvent and there is little trouble being paid for all legal work performed.

The key to Crough & Schenck's success will be their ability to generate client referrals from local auto insurance carriers, and maintain those referrals through an ongoing relationship. A good relationship with even a few auto insurers will provide a consistent stream of client referrals, resulting in positive income for the firm.

Strategies to Reach the Market

A. Advertising

The initial marketing strategy will be to compile a list of contact information for all of the local claims offices in the Denver metro area. This will be accomplished by doing simple internet research, making phone calls to well-known insurers, and using a telephone book to identify smaller insurers.

Once the companies have been identified, we will make phone calls to the claims offices in order to identify the decision makers, typically the senior claims adjusters, the supervisors, managers, and regional managers. This information is typically easy to obtain through a receptionist. After identifying all of the decision-makers, we will send personalized contact letters to each person, letting them know that the firm is available for client referrals for their litigated claims. This form of direct contact is allowed under the ethical rules governing advertising.

Once one employee from a particular insurance company responds, it allows us then to make direct contact with all of the employees, even via direct telephone contact. The ethical rules prohibit direct solicitation, but that does not apply when the potential client initiates the communication. If one employee responds to our advertising letters, they have responded on behalf of the insurance company, so the firm is now free to respond to anyone within that same company. We will reach out directly to all known decision-makers, offer to meet them to discuss their expectations, and how the firm can be of service.

For the smaller insurers, such as assigned-risk pool insurers, the firm will make aggressive efforts to gain their business. The frequency and severity of claims increases dramatically when comparing the normal insurance with the assigned risk. More severe claims tend to involve higher damages, which in turn are more frequently litigated because the opportunity for dispute is larger. In addition, assigned-risk drivers are attractive to the plaintiff's bar since the drivers tend to have poor driving records, opening potential claims for negligent entrustment or negligent hiring/retention/supervision. The claims involving the assigned-risk policyholders represent the greatest potential for lawsuits, so the firm will offer reduced hourly rates to assigned-risk insurance carriers in exchange for a greater share of their referrals.

A secondary marketing strategy will be to reach out to insurance agents, letting them know that the firm is available for referrals. Many consumers consider their insurance agent to be a resource for questions associated with both the underwriting of their insurance policies, and the claims process. When an insured contacts their agent on a claims-related issue, the firm will have already positioned itself as the referral destination for legal questions.

B. Phone Book

The firm will create a small advertisement in the local phone book. We will include mention that the firm "limits its practice to auto insurance defense." In some instances, drivers involved in auto collisions feel like they need to consult with a lawyer immediately. If they don't already know a lawyer, they may consult the phone book. Having the phone book listing will position the firm to take some of these calls, and potentially get referred to the caller's insurance company who can then hire the firm.

C. Internet Website

Similar to the phone book, some potential clients make use the internet to find a lawyer, so the firm will create and maintain a website that features our area of practice. Additionally, insurance adjusters expect established law firms to have a website, so we will create one to increase our credibility and make our contact information easy to locate.

D. Ongoing Marketing Efforts

Once the initial referrals start coming in from the local insurance market, the firm will continue to market the insurance companies by offering free training seminars. The firm will offer free seminars at the insurance claims offices on a variety of topics, including jurisdiction, venue, proper service, evidence, and ADR. The seminars will seek to provide claims adjusters with

useful and relevant legal knowledge, and by meeting the firm's attorneys the adjusters will be more likely to refer new lawsuits.

November 19, 2013

Office Space, Equipment, and Technology Plan



Plan for Office Space, Equipment, and Technology

Law Offices of Crough & Schenck

Website: croughschenck.com
Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Table of Contents

Rationale	1
Lease	2
Space Plan	2
Equipment	2
Technology	2

Rationale

The firm will locate its offices in northeast Denver, in the River North neighborhood. We have located 2700 square feet of office space inside a refurbished shipping terminal at 3507 Ringsby Court. Proximity to the downtown courts is necessary, but we do not need to be walking distance, so the expense of Uptown, 17th Street, or Lower Downtown is not justified.

The office is next to the Platte River Trail, and is a short bike ride to downtown Denver. The building is easily accessible from I-70, and there is ample free parking. The building offers extra-shared conference rooms, a kitchen, and showers. We hope that the option to bike-to-work will be attractive for our employees.

The neighborhood itself is undergoing redevelopment into residential, retail and office space. The area allows our staff and clients easy access to daycare, as there is a facility right next door. There is also quick access to lunch options for client meetings.

Lease

The lease agreement is attached as **Appendix A**. We plan to negotiate the following modifications to the lease so we can combine two adjacent office spaces:

1. Per subsection 41, the Crough & Schenck Law Firm (hereinafter referred to as tenants) shall require the written consent of the landlord to remove one sidewall to connect the current space to the office space next to it.
2. In consideration of this modification, tenants shall pay the \$3,584.00 for the first space and an additional \$3,584.00 for the conjoining space, for a total of \$7,168.00 per month for the first 12 months, which shall increase to \$7,392.00 during the second 12 months, and \$7,616.00 in the third 12 months pursuant to Exhibit A(7)(c).
3. Tenants shall require a written exception from landlord to allow animals in the building contrary to subsection 9 in the lease.

Tenants shall require written permission from landlord to place a sign on the front and side of the building in accordance with subsection 38.

Space Plan

A copy of the floor plan is attached as **Appendix B**. The existing space is divided into two spaces that will need to be consolidated into one. The only modification necessary is the removal of a portion of a no-load-bearing wall, which is a simple demolition project. There are four offices and one conference room already, and an open floor plan. A unique aspect of this office is the garage-door style windows on the north walls. They can be opened to a patio area, effectively expanding the waiting area and the conference room.

Equipment

The Equipment list is attached as **Appendix C**. We budgeted for the current staffing model to include 5 attorneys, 3 paralegals, 1 Office Administrator, 1 Human Resources/IT Director, and 1 receptionist.

Technology

The Technology list is attached as **Appendix D**.

LEASE OF SPACE

This Lease is made this 30th day of September, 2013 ,between Freight On The River, LLC.(“LANDLORD”), and Tenant , (“TENANT”).

1. CONSIDERATION. Landlord enters into this Lease in consideration of the Tenant’s payment of the rents, and observance and performance of the covenants and agreements herein contained.

2. EXHIBITS. The Exhibits listed below shall be attached to and incorporated in this Lease by this reference. In the event of any inconsistency between such Exhibits and the terms and provisions of this Lease, the terms and provisions of the Exhibits shall control. The Exhibits to this Lease are:

- Exhibit A Summary of Basic Lease Terms
- Exhibit B Rules & Regulations
- Exhibit C Space Plan to be built by Landlord

3. DEFINITIONS.

Demise. Subject to the provisions, covenants and agreements herein contained, Landlord hereby leases and demises to Tenant, and Tenant hereby leases from Landlord, the Demised Premises, for the Lease Term, subject to the covenants, conditions, restrictions, easements and encumbrances.

Demised Premises. The “Demised Premises” shall mean the space to be occupied by Tenant as depicted in Exhibit C, located within the Building, on the Land, as herein defined. The rentable area of the Demised Premises is calculated by measuring to the outside finish of permanent exterior building walls, the corridor side of interior partitions of public corridors, and the center of interior common partitions which separate adjoining rentable areas, without a deduction for columns or other projections necessary to the structure of the building. Interior Building Common Areas, including but not limited to, public entries, public corridors, public spaces, and public restrooms shall be allocated pro rata to Tenants.

Area and Address. The Demised Premises contains approximately app. 1344 Rentable Square Feet (RSF). The address of the Demised Premises is 3507 Ringsby Ct #107, Denver, Colorado 80216 .

Land. “Land” shall mean the parcel of real property described in Exhibit B.

Building. “Building” shall mean the building constructed on the Land containing approximately 26,000 square feet of interior floor area as set forth on Exhibit A.

Improvements. “Improvements” shall mean the Building, the Parking Area as hereinafter defined, and all other fixtures and improvements on the Land, including landscaping thereon.

Property. “Property” shall mean the Land, the Building and the Improvements and any fixtures and personal property used in operation and maintenance of the Land, Building and Improvements other than fixtures and personal property of Tenant and other users of space in the Building.

Common Areas. “Building Common Areas” shall mean the interior Building areas except (a) the Demised Premises and (b) the other premises in the Building leased or held for lease to other tenants. Building Common Areas shall include Building entries, corridors, restrooms and other interior areas designed for use by the Tenants and visitors to the Building. “Common Property Areas” shall mean exterior Building areas such as parking areas and any walks, driveways, and landscaping designed for the common use of Tenants and other visitors to the Building.

Parking Area. “Parking Area” shall mean that portion of the Land that is or is to be designated for the parking of motor vehicles.

4. LEASE TERM. “Lease Term” shall mean the period of time specified in Exhibit A, commencing at noon on the commencement date, and expiring at noon on the expiration date as specified in Exhibit A.

5. BASIC RENT. Tenant covenants and agrees to pay to Landlord, without offset, deduction or abatement, basic rent for the full Lease Term in the amount specified in Exhibit A (“Basic Rent”).

6. COMMON AREA RENT. Tenant covenants and agrees to pay to Landlord, without offset, deduction or abatement, for the Lease Term, common area rent based on the Tenants pro rata share of the Building Common Area specified in the Exhibit A (“Common Area Rent”).

7. MONTHLY PAYMENTS. Basic Rent shall be payable monthly in advance, without notice, in equal installments in the amount of monthly rent specified in Exhibit A. The first such monthly installment shall be due and payable upon execution hereof and a like monthly installment shall be due and payable on or before the first day of each calendar month succeeding the commencement date recited in Exhibit A during this Lease Term, except that the rental payment for any fractional calendar month at the commencement or end of this Lease Term shall be prorated based on a thirty (30) day month.

8. PLACE OF PAYMENTS. Basic Rent and all other sums payable by Tenant to Landlord under this Lease shall be paid to Landlord at the place for payments specified in Exhibit A, or such other place as Landlord may, from time to time, designate in writing.

9. NET LEASE AND RENT ABSOLUTE. It is the intent of the parties that the Basic Rent provided in this Lease shall be a net payment to Landlord; that this Lease shall continue for the full Lease Term notwithstanding any occurrence preventing or restricting use and occupancy of the Demised Premises, including any damage or destruction affecting the Demised Premises, and any action by governmental authority relating to or affecting the Demised Premises, except as otherwise specifically provided in this Lease; that the Basic Rent shall be absolutely payable without offset, reduction or abatement for any cause except as otherwise specifically provided in this Lease; that Landlord shall not bear any costs or expenses relating to the Demised Premises or provide any services or do any act in connection with the Demised Premises except as otherwise specifically provided in this Lease; and that Tenant shall pay, in addition to Basic Rent, Additional Rent to cover costs and expenses relating to the Demised Premises, the Common Facilities, and the Property, all as hereinafter provided.

10. ADDITIONAL RENT. Tenant covenants and agrees to pay, as additional rent under this Lease ("Additional Rent"), all costs and expenses relating to the use, operation, maintenance and repair of the Demised Premises by Tenant; Tenant's Pro Rata Share of all costs and expenses relating to the Common Facilities; Tenant's Pro Rata Share of all Taxes and Assessments and Landlord's Insurance; and all other costs and expenses which Tenant is obligated to pay to Landlord or any other person or entity under this Lease, whether or not stated or characterized as Additional Rent.

11. TENANT'S PRO RATA SHARE. "Tenant's Pro Rata Share" shall mean the percentage set forth in Exhibit A as Tenant's Pro Rata Share which is the percentage derived by dividing the approximate floor area of the Demised Premises, by the approximate floor area within the Building. Landlord and Tenant agree that such approximations of floor area of the Demised Premises and the Building are reasonable, and that the calculations of Basic Rent and Tenant's Pro Rata Share based on such approximations are not subject to revision under any circumstances. If the Building, or the Demised Premises, or both are ever remeasured, the result may only be used to adjust the identification of the Demised Premises, and neither Landlord nor Tenant shall be entitled to claim an increase or decrease in the Basic Rent or Tenant's Pro Rata Share based upon such re-measurement. Notwithstanding anything to the contrary, if the Landlord increases or reduces the floor area of the Building or constructs additional building(s) upon the Property, then Landlord shall redetermine Tenant's Pro Rata Share using the formulas hereinabove set forth based upon the new floor area of the Building and any other buildings located upon the Property.

12. MONTHLY DEPOSITS FOR TAXES AND INSURANCE. Tenant shall pay, as Additional Rent, to Landlord, monthly in advance, without notice, on each day that payment of Basic Rent is due, amounts, as hereinafter specified, for payment of Tenant's Pro Rata Share of Taxes and Assessments (defined in Section 15), Casualty Insurance (defined in Section 20) and Liability Insurance (defined in Section 21) to be obtained by Landlord hereunder (such Casualty Insurance and Liability Insurance are collectively referred to as the "Landlord's Insurance"). If such monthly deposits of Taxes and Assessments, and Landlord's Insurance (collectively, the "Monthly Deposits") are insufficient to pay Tenant's Pro Rata Share of the actual costs of the Taxes and Assessments or Landlord's Insurance, Tenant shall pay to Landlord, within ten (10) days after demand by Landlord, such amounts as are necessary to provide Landlord with sufficient funds to pay Tenant's Pro Rata Share of the same. The Monthly Deposits shall each be equal to Tenant's Pro Rata Share of 1/12 of the amounts, as reasonably estimated and re-estimated from time to time by Landlord, of the annual costs of the Taxes and Assessments and the Landlord's Insurance. The initial Monthly Deposit for Taxes and Assessments, and the Landlord's Insurance shall be subject to adjustment as herein provided. To the extent the Monthly Deposits exceed Tenant's Pro Rata Share of the actual costs of Taxes and Assessments and Landlord's Insurance, the excess amount shall, at Landlord's option, except as may be otherwise provided by law, either be paid to Tenant or credited against future Monthly Deposits or against Basic Rent, Additional Rent or other amounts payable by Tenant under this Lease. The amounts of Taxes and Assessments and Landlord's Insurance payable by Tenant for the years in which this Lease Terms commences and expires shall be subject to the provisions hereinafter contained in this Lease for proration of such amounts in such years. Prior to the dates on which payment is due for Taxes and Assessment and Landlord's Insurance, Landlord shall make payment of Taxes and Assessments and Landlord's Insurance, to the extent of funds from Monthly Deposits are available therefore and, upon request by Tenant, shall furnish Tenant with a copy of any receipt for such payments. Except for Landlord's obligations to make payments out of funds available from Monthly Deposits, the making of Monthly Deposits by Tenant shall not limit or alter Tenant's obligation to pay taxes and assessments and to maintain insurance as elsewhere provided in this Lease.

13. SECURITY DEPOSIT. Upon execution of this Lease by Tenant, Tenant shall deposit with Landlord the amount specified as a security deposit in Exhibit A ("Security Deposit"). The Security Deposit shall be retained by Landlord and may be applied by Landlord, to the extent necessary, to pay and cover any loss, cost, damage or expense including attorneys' fees sustained by Landlord by reason of the failure of Tenant to comply with any provision, covenant or agreement of Tenant contained in this Lease. To the extent not necessary to cover such loss, cost, damage or expense, the Security Deposit, without any interest thereon, shall be returned to Tenant within thirty (30) days after expiration of this Lease Term or as may be otherwise provided by law. The Security Deposit shall not be considered as an advance payment of rent or as a measure of the loss, cost, damage or expense which is or may be sustained by Landlord. In the event all or any portion of the Security Deposit is applied by Landlord to pay any such loss, cost damage or expense, Tenant shall, from time to time, promptly upon demand, deposit with Landlord such amounts as may be necessary to replenish the Security Deposit to its original amount. If there is a Default by Tenant under this Lease more than three (3) times in any twelve (12) month period, whether or not such Default by Tenant is cured, the amount required to be deposited with Landlord as a Security Deposit shall automatically be increased to three (3) times the amount set forth on the Summary of Basic Lease Terms, and payment of such increased amount shall be required to cure the Default, within the same time as the original nonpayment or failure of performance which constituted the Default.

14. GENERAL PROVISIONS AS TO MONTHLY DEPOSITS AND SECURITY DEPOSIT. Landlord may commingle the Security Deposit and the Monthly Deposits with Landlord's own funds. Landlord shall not be obligated to pay interest to Tenant on account of the Monthly Deposits and Security Deposit. In the event of a transfer by Landlord of Landlord's interest in the Demised Premises, Landlord or the property manager of Landlord may deliver the Monthly Deposits and Security Deposit to the transferee of Landlord's interest and Landlord and such property manager shall thereupon be discharged from any further liability to Tenant with respect to such Monthly Deposits and Security Deposit. In the event of a Transfer (as herein defined) by Tenant of Tenant's interest in this Lease, Landlord shall be entitled to return the Monthly Deposits and Security Deposit to Tenant's successor and Landlord shall thereupon be discharged from any further liability with respect to the Monthly Deposits and Security Deposit.

15. COVENANT TO PAY TAXES AND ASSESSMENTS. Tenant covenants and agrees to pay, as Additional Rent, Tenant's Pro Rata Share of Taxes and Assessments, as hereinafter defined, which

accrue during or are attributable to this Lease Term. "Taxes and Assessments" shall mean all taxes, assessments or other impositions, general or special, ordinary or extraordinary, of every kind or nature, which may be levied, assessed or imposed upon or with respect to the Property, or any part thereof, or upon any building, improvements or personal property at any time situated thereon.

16. PRORATION AT COMMENCEMENT AND EXPIRATION OF TERM. Taxes and Assessments shall be prorated between Landlord and Tenant for the year in which this Lease Term commences and for the year in which this Lease Term expires as of, respectively, the date of commencement of this Lease Term and the date of expiration of this Lease Term, except as hereinafter provided. Additionally, for the year in which this Lease Term expires, Tenant shall be liable without proration for the full amount of Taxes and Assessments relating to any improvements, fixtures, equipment or personal property which Tenant is required to remove or in fact removes as of the expiration of this Lease Term. Proration of Taxes and Assessments shall be made on the basis of actual Taxes and Assessments. Tenant's Pro Rata Share of Taxes and Assessments for the years in which this Lease Term commences and expires shall be paid and deposited with the Landlord through Monthly Deposits as hereinabove provided, but, in the event actual Taxes and Assessments for either year are greater or less than as estimated for purposes of Monthly Deposits, appropriate adjustment and payment shall be made at the time the actual Taxes and Assessments are known, and such obligation shall survive the termination or expiration of this Lease.

17. SPECIAL ASSESSMENTS. If any Taxes or Assessments are payable in installments over a period of years, Tenant shall be responsible only for installments for periods during this Lease Term with proration, as above provided, of any installment payable prior or after expiration of this Lease Term.

18. NEW OR ADDITIONAL TAXES. Tenant's obligation to pay Tenant's Pro Rata Share of Taxes and Assessments shall include any Taxes and Assessments not presently in effect but which may hereafter be levied, assessed or imposed upon Landlord or upon the Property. In computing Tenant's liability for such new tax or assessment, the Property shall be deemed the only property of Landlord.

19. LANDLORD'S SOLE RIGHT TO CONTEST TAXES. Landlord shall have the sole right to contest any Taxes or Assessments. Landlord shall pay to or credit Tenant with Tenant's Pro Rata Share of any abatement, reduction or recovery of any Taxes and Assessments attributable to this Lease Term less Tenant's Pro Rata Share of all costs and expenses incurred by Landlord, including attorney's fees, in connection with such abatement, reduction or recovery.

20. CASUALTY INSURANCE. Landlord covenants and agrees to obtain and keep in full force and effect during this Lease Term, Casualty Insurance as hereinafter defined. "Casualty Insurance" shall mean fire and extended coverage insurance with respect to the Property, in an amount equal to the full replacement cost thereof, with coinsurance clauses of no less than 80%, and with coverage, at Landlord's option, by endorsement or otherwise, for all risks, vandalism, and malicious mischief, sprinkler leakage, boilers, and rental loss and with a deductible in the amount for each occurrence as Landlord, in its sole discretion, may determine from time to time. Casualty Insurance obtained by Landlord need not name Tenant as an insured party and may, at Landlord's option, name any mortgagee or holder of a deed of trust as an insured party as its interest may appear. Tenant covenants and agrees to pay, as Additional Rent, its Pro Rata Share of the cost of the Casualty Insurance obtained by Landlord and the cost of any deductible under such Casualty Insurance. Tenant shall be responsible for obtaining, at Tenant's option, cost and expense, insurance coverage for property of Tenant and for business interruption of Tenant.

21. LIABILITY INSURANCE. Tenant covenants and agrees to obtain and keep in full force and effect during this Lease Term, and to pay, as Additional Rent, the premiums and costs of Liability Insurance as hereinafter defined. "Liability Insurance" shall mean comprehensive general liability insurance covering public liability with respect to the ownership, use and operation of the Demised Premises, with limits of not less than \$2,000,000.00 combined single limit of liability. The Liability Insurance required of Tenant shall include endorsements for assumed contractual liability with respect to the liabilities assumed by Tenant under this Lease, and no deductible, retention or self-insurance provision contained therein, unless otherwise approved in writing by Landlord. Landlord covenants and agrees to obtain and keep in full force and effect, during this Lease Term, Liability Insurance covering the Property, including Common Facilities but excluding Demised Premises and other premises leased to other tenants. Tenant also covenants and agrees to pay, as Additional Rent, Tenant's Pro Rata Share of the cost of the Liability Insurance obtained by Landlord and the cost of any deductible under such Liability Insurance.

22. GENERAL INSURANCE PROVISIONS. Except as otherwise approved in writing by Landlord, all insurance obtained by Tenant shall be on forms and with insurers selected or approved by Landlord, which approval shall not be unreasonably withheld; shall name Landlord, Landlord's manager(s) and agent(s), and the holder of any first mortgage or deed of trust encumbering the Property, as insured parties, as their interests may appear; shall contain a waiver of rights of subrogation as among Tenant, Landlord and the holder of any such first mortgage or deed of trust; shall provide coverage on an occurrence basis; and shall provide that the insurance coverage shall not be canceled or altered except upon thirty (30) days' prior written notice to Landlord and the holder of any such first mortgage or deed of trust. Evidence of insurance obtained by Tenant shall be delivered to Landlord who may deposit the same with the holder of any such first mortgage or deed of trust.

23. COOPERATION IN THE EVENT OF LOSS. Landlord and Tenant shall cooperate with each other in the collection of any insurance proceeds which may be payable in the event of any loss, including the execution and delivery or any proof of loss or other actions required to effect recovery.

24. GLASS INSURANCE. Tenant acknowledges that Landlord is not obligated to maintain any insurance or extended coverage insurance with respect to damage to any glass located in the Demised Premises. Tenant shall be entitled to obtain any such insurance for glass located in the Demised

Premises; provided, however, that Tenant shall be obligated to replace any damaged or broken glass located in the Demised Premises, whether or not Tenant has obtained such insurance coverage.

25. UTILITY CHARGES. Tenant covenants and agrees to contract in Tenant's own name and to pay, all charges for gas, electricity, light, heat, power, telephone, or other utility services used, rendered or supplied to or for the Demised Premises. If any such utility charges are not separately metered or billable to the Demised Premises, then Tenant shall pay, as Additional Rent, Tenant's Pro Rata Share thereof to Landlord which amount shall be included in the monthly charges for the Common Facilities.

26. COMMON AREA CHARGES. Tenant covenants and agrees to pay, as Additional Rent, Tenant's Pro Rata Share of all costs and expenses of operating, repairing, maintaining, upkeep and replacing of the Common Areas and the Property including, without limitation, upkeep and replanting of landscaping; removal of dirt, debris, obstructions and litter from Parking Area, landscaped areas, sidewalks and driveways; trash and garbage disposal for the Common Areas and the tenants of the Property; exterior window washing; repairs, resurfacing, resealing, re-striping, sweeping and snow and ice removal from the Parking Area, sidewalks, and driveways; removal of graffiti and repair of vandalism [heating, ventilation and air conditioning units, systems, equipment and facilities ("HVAC") serving the Property (including the Demised Premises and other premises leased to other tenants of the Property) including, without limitation, replacement of filters, periodic inspections and any maintenance contracts (provided that Landlord shall not be obligated to carry any maintenance contracts); building signs; skylights; utilities for the Common Areas; fire protection systems, monitoring and sprinkler systems; exterior painting; maintenance and repairs to roofs; water and sewage systems and charges; storm drainage systems and charges; supplies and the cost of any rental of equipment in implementing such services; wages, salaries, compensation, taxes, medical and other insurance, pension and retirement plans, and all other benefits and costs of personnel engaged in the operation, management, maintenance, service or security of the Property including, without limitation, personnel for the daily supervision and performance thereof; charges for management of the Property and Common Areas; all deductibles for Landlord's Insurance; all alterations, additions, improvements and other capital expenditures for the Property (a) in order to conform to changes subsequent to the date of this Lease in any laws, ordinances, rules, regulations or orders of any applicable governmental authority, (b) which are intended as a cost or labor saving device or to effect other economies in the operation of the Property, or (c) which are reasonably determined by Landlord to be necessary or appropriate for the operation of the Property, subject to amortization of such costs at a market rate of interest over the useful life thereof, as determined by Landlord's accountants; and personal property taxes, licenses and permits. The Common Area charges shall not be subject to amortization except as otherwise expressly herein required. Landlord may cause any or all of such services to be provided by independent contractor(s) and sub-contractor(s). The cost of personnel may be prorated, in Landlord's sole discretion, if such personnel provide services for other properties in addition to the Property. Tenant shall pay to Landlord, monthly in advance, without notice, on each day that payment of Basic Rent is due, the estimated monthly charge for the Common Areas, as determined and redetermined from time to time by Landlord. The initial monthly charge for Common Facilities is set forth in Exhibit A attached hereto. If the total monthly charges paid by Tenant are less than the Tenant's Pro Rata Share of the actual charges for Common Areas, Tenant shall pay the difference to Landlord within ten (10) days after demand by Landlord. If Tenant's Pro Rata Share of such actual charges is less than the total monthly charges paid by Tenant, the difference shall, at Landlord's option, except as may be otherwise required by law, either be paid to Tenant or credited against future monthly charges, Basic Rent, Additional Rent or other amounts payable by Tenant under this Lease. If Tenant's Pro Rata Share of charges for Common Areas have increased more than five percent (5%) during any calendar year and provided that Tenant has paid the entire amount of the Tenant's Pro Rata Share of the actual charges for Common Areas and is not in default of its obligations under this Lease, then Tenant for a period of sixty (60) days after each calendar year shall be entitled to examine the books and records of Landlord for the Common Area charges for such calendar year by providing at least fourteen (14) days prior written notice thereof to Landlord. Such examination shall be conducted only during the regular business hours of Landlord at the office where Landlord maintains such books and records. Tenant shall deliver to Landlord copies of all audits, reports or other results from its examination within fifteen (15) days after receipt thereof by Tenant. If Tenant has any objection or dispute with Landlord's calculation of the Common Area charges or Tenant's Pro Rata Share thereof, Tenant shall provide written notice thereof to Landlord within such sixty day period after each calendar year, indicating in reasonable detail the particular objections or disputes made by Tenant. If Tenant does not furnish such written notice of objection or dispute as and when herein provided, Tenant shall be deemed to have accepted the calculation of the Common Area charges and Tenant's Pro Rata Share thereof, and shall not be thereafter entitled to dispute or object to the calculation thereof.

27. TENANT'S MAINTENANCE OBLIGATION. Tenant, at its sole cost and expense, shall maintain, repair, replace and keep the Demised Premises and all improvements, fixtures and personal property thereon in good, safe and sanitary condition, order and repair and in accordance with all applicable laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction. Tenant shall perform or contract for and promptly pay, as Additional Rent, for trash and garbage disposal (to the extent that Tenant's trash and garbage disposal requirements exceeds the usual requirements of tenants in the Building, as determined by Landlord), janitorial and cleaning services, security services, interior painting, interior window washing, repair and replacement of all damage to all doors, repair, maintenance and replacement of damaged or broken glass, plate glass, windows, and other breakable materials, replacement of interior light bulbs, light fixtures and ballasts in or serving the Demised Premises. All costs of maintenance and repairs by Tenant shall be considered Additional Rent hereunder. All maintenance and repairs to be performed by Tenant shall be done promptly, in a good and workmanlike fashion, and without diminishing the original quality of the Demised Premises or the Property.

28. LANDLORD'S MAINTENANCE OBLIGATION. Landlord, at its sole cost and expense, shall maintain and replace the exterior walls and structural elements of the Building and the Improvements.

Landlord, at its sole cost and expense, shall be responsible for the replacement of the roofs of the Building. Landlord's maintenance obligation under this Section shall be determined in Landlord's sole and subjective discretion. For the purposes of this Section, all work and costs for the roofs of the Building shall be considered to be maintenance and repairs included in the Common Facilities charges, except for the replacement of the entire roofing system of the Building by Landlord hereunder.

29. LIMITATION ON USE BY TENANT. Tenant covenants and agrees to use the Demised Premises only for the use(s) set forth as Permitted Uses by Tenant in Exhibit A and for no other purposes, except with the prior written consent of Landlord, in its sole and subjective discretion.

30. COMPLIANCE WITH LAWS. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises in violation of any law, ordinance, order, rule or regulation of any governmental authority having jurisdiction and that the Demised Premises shall be used, kept and maintained in compliance with any such law, ordinance, order, rule or regulation and with the certificate of occupancy issued for the Building and the Demised Premises.

31. COMPLIANCE WITH INSURANCE REQUIREMENTS. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises which might impair or increase the cost of insurance maintained with respect to the Demised Premises or the Property, which might increase the insured risks or which might result in cancellation of any such insurance.

32. NO WASTE OR IMPAIRMENT OF VALUE. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises or the Property which might impair the value of the Demised Premises or the Property, or which would constitute waste.

33. NO STRUCTURAL OR ELECTRICAL OVERLOADING. Tenant covenants and agrees that nothing shall be done or kept on the Demised Premises or the Building and that no improvements, changes, alterations, additions, maintenance or repairs shall be made to the Demised Premises which might impair the structural soundness of the Building, which might result in an overload of electrical lines serving the Building or which might interfere with electric or electronic equipment in the Building or on any adjacent or nearby property. In the event of violations hereof, Tenant covenants and agrees to immediately remedy the violation at Tenant's expense and in compliance with all requirements of governmental authorities and insurance underwriters.

34. NO NUISANCE, NOXIOUS OR OFFENSIVE ACTIVITY. Tenant covenants and agrees that no noxious or offensive activity shall be carried on upon the Demised Premises or the Property nor shall anything be done or kept on the Demised Premises or the Property which may be or become a public or private nuisance or which may cause embarrassment, disturbance, or annoyance to others in the Building or on adjacent or nearby property.

35. NO ANNOYING LIGHTS, SOUNDS. Tenant covenants and agrees that no light shall be emitted from the Demised Premises which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from the Demised Premises which is unreasonably loud or annoying.

36. NO UNSIGHTLINESS. Tenant covenants and agrees that no unsightliness shall be permitted on the Demised Premises or the Property that is visible from any adjacent or nearby property. Without limiting the foregoing, all unsightly conditions, equipment, objects and conditions shall be kept enclosed within the Demised Premises; no refuse, scrap, debris, garbage, trash, bulk materials or waste shall be kept, stored or allowed to accumulate on the Demised Premises or the Property; all pipes, wires, poles, antennas and other facilities for utilities or the transmission or reception of audio or visual signals or electricity shall be kept and maintained within the Demised Premises; and no temporary structure shall be placed or permitted on the Demised Premises or the Property without the prior written consent of Landlord, in its sole and subjective discretion.

37. NO ANIMALS. Tenant covenants and agrees that no animals shall be permitted or kept on the Demised Premises or the Property, except as may be required for any person with a disability.

38. RESTRICTION ON SIGNS AND EXTERIOR LIGHTING. Tenant covenants and agrees that no signs or advertising devices of any nature shall be erected or maintained by Tenant on the Demised Premises or the Property and no exterior lighting shall be permitted on the Demised Premises or the Property, except as approved in writing by Landlord, in its sole and subjective discretion.

39. NO VIOLATION OF COVENANTS. Tenant covenants and agrees not to commit, suffer or permit any violation of any covenant, condition or restriction affecting the Demised Premises or the Property.

40. CONDITION OF DEMISED PREMISES. Tenant covenants and agrees that, upon taking possession of the Demised Premises, Tenant shall be deemed to have accepted the Demised Premises "as is" and Tenant shall be deemed to have waived any warranty of condition, suitability for occupancy, or use. Tenant's acceptance of the Demised Premises shall constitute its acknowledgment that the Demised Premises was in good condition, order and repair at the time of such acceptance.

41. RESTRICTION ON CHANGES AND ALTERATIONS. Tenant covenants and agrees not to improve, change, alter, add to, remove or demolish any improvements on the Demised Premises ("Changes"), without the prior written consent of Landlord which consent shall not be unreasonably withheld, and unless Tenant complies with all conditions which may be imposed by Landlord, in its sole discretion, in connection with such consent; and unless Tenant pays, as Additional Rent, to Landlord the reasonable costs and expenses of Landlord for architectural, engineering or other consultants which may be reasonably incurred by Landlord in determining whether to approve any such Changes. Landlord's

consent to any Changes and the conditions imposed in connection therewith shall be subject to all requirements and restrictions of any holder of a mortgage or deed of trust encumbering the Property. If such consent is given, no such Changes shall be permitted unless Tenant shall have procured and paid for all necessary permits and authorizations from any governmental authorities having jurisdiction; unless such Changes will not reduce the value of the Property, and will not affect or impair existing insurance on the Property; and unless Tenant, at Tenant's sole cost and expense, shall maintain or cause to be maintained workmen's compensation insurance covering all persons employed in connection with the work and obtains liability insurance covering any loss or damage to persons or property arising in connection with any such Changes and such other insurance or bonds as Landlord may reasonably require. Tenant covenants and agrees that any such Changes approved by Landlord shall be completed with due diligence and in a good and workmanlike fashion and in compliance with all conditions imposed by Landlord and all applicable permits, authorizations, laws, ordinances, orders, rules and regulations of governmental authorities having jurisdiction and that the costs and expenses with respect to such Change shall be paid promptly when due and that the Changes shall be accomplished free of liens of mechanics and materialmen. Tenant covenants and agrees that all such Changes shall become the property of the Landlord at the expiration of this Lease Term. Changes made by Tenant without Landlord's consent shall be removed, if Landlord so requests, and the Demised Premises shall be restored to its condition prior to such Changes at Tenant's sole cost and expense.

42. NO MECHANIC'S LIENS. Tenant covenants and agrees not to permit or suffer, and to cause to be removed and released, any mechanic's, materialmen's or other lien on account of supplies, machinery, tools, equipment, labor or material furnished or used in connection with the construction, alteration, improvement, addition to or repair of the Demised Premises by, through or under Tenant. At least twenty (20) days prior to any Changes, Tenant shall provide written notice to Landlord of the date of commencement of any Changes. Landlord shall have the right, at any time and from time to time, to post and maintain on the Demised Premises and Building such notices as Landlord deems necessary to protect the Demised Premises against such liens. Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien, provided that Tenant shall give to Landlord such security as may be reasonably requested by Landlord to insure the payment of any amounts claimed, including interest and costs, and to prevent any sale, foreclosure or forfeiture of any interest in the Property on account of any such lien, including, without limitation, bonding, escrow or endorsement of the title insurance policy of Landlord and any holder of a mortgage or deed of trust encumbering the Property. If Tenant so contests, then on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with interest and costs, and shall cause the lien to be released and any judgment satisfied.

43. NO OTHER ENCUMBRANCES. Tenant covenants and agrees not to obtain any financing secured by Tenant's interest in the Demised Premises and not to encumber the Demised Premises or Landlord or Tenant's interest therein, without the prior written consent of Landlord, in its sole and subjective discretion, and to keep the Demised Premises free from all liens and encumbrances except liens and encumbrances created by Landlord.

44. SUBORDINATION TO LANDLORD MORTGAGES. Tenant covenants and agrees that this Lease and Tenant's interest in the Demised Premises shall be junior and subordinate to any first mortgage or first deed of trust now or hereafter encumbering the Property. If Tenant notifies Landlord in writing that it desires any first mortgagee or holder of a first deed of trust to covenant not to disturb Tenant and this Lease, Landlord shall make such request to such mortgagee or holder and Tenant shall pay, as Additional Rent, all costs charged by such mortgagee or holder for such non-disturbance covenant. In the event of a foreclosure of any such first mortgage or first deed of trust, Tenant shall attorn to the party acquiring title to the Property as the result of such foreclosure. No act or further agreement by Tenant shall be necessary to establish the subordination of this Lease to any such first mortgage or first deed of trust which is self-executing but Tenant covenants and agrees, upon request of Landlord, to execute such documents as may be necessary or appropriate to confirm and establish this Lease as subordinate to any such first mortgage or first deed of trust in accordance with the foregoing provisions.

45. ASSIGNMENT AND SUBLETTING.

A. Tenant covenants and agrees not to make or permit a Transfer by Tenant, as hereinafter defined, without Landlord's prior written consent, which consent shall not be unreasonably withheld. A "Transfer" by Tenant shall include an assignment of this Lease, a sublease of all or any part of Tenant's interest under this Lease or in the Demised Premises, by operation of law or otherwise, or the use or occupancy of all or any part of the Demised Premises by anyone other than Tenant. Any such Transfer by Tenant without Landlord's written consent shall be void and shall constitute a default under this Lease. In the event Landlord consents to any Transfer by Tenant, Tenant shall not be relieved of its obligations under this Lease and Tenant shall remain liable, jointly and severally and as a principal, and not as a guarantor or surety, under this Lease, to the same extent as though no Transfer by Tenant had been made, unless specifically provided to the contrary in Landlord's prior written consent. The acceptance of rent by Landlord from any person other than Tenant shall not be deemed to be a waiver by Landlord of the provisions of this Section or of any other provision of this Lease and any consent by Landlord to a Transfer by Tenant shall not be deemed a consent to any subsequent Transfer by Tenant.

B. If Tenant requests Landlord's consent to a Transfer, Tenant shall submit to Landlord in writing the name of the proposed transferee, the effective date of the Transfer, the terms of the proposed Transfer, a copy of the proposed form of sublease or assignment, and such information as to the business, reputation, responsibility, and financial capacity of the transferee as Landlord shall reasonably require to evaluate the request. It shall be reasonable for the Landlord to withhold its consent to any Transfer where: (i) in the case of a sublease, the subtenant has not acknowledged that the provisions of this Lease control over any inconsistent provision in the sublease; or (ii) the proposed transferee does not have the ability to perform its obligations under the assignment or sublease; or (iii) the intended use by the transferee would damage the goodwill or reputation of the Building; or (iv) the intended use is not

compatible with other uses of the Building or is not permitted by applicable law or covenant. The foregoing criteria are not exhaustive, and Landlord may withhold consent to a Transfer on any other reasonable grounds. Tenant shall reimburse Landlord for all of Landlord's costs incurred in connection with any request for consent to a Transfer, including a reasonable sum for attorneys' fees. No consent shall be required for an assignment or sublet to any subsidiary, affiliate or related company only if they are of equal or better financial value and credit. Tenant shall split any net profit, which may arise out of an assignment or sublet 50/50 with the Landlord.

C. Notwithstanding the foregoing, Landlord shall, at Landlord's option, have the right in lieu of consenting to a Transfer by Tenant, to terminate this Lease as to the portion of the Demised Premises as is subject to the proposed Transfer by Tenant and to enter into a new lease with the proposed transferee and receive directly from the proposed transferee the consideration agreed to be given by such transferee to Tenant for the Transfer by Tenant. Alternatively, at the request of Landlord, Tenant shall pay over to Landlord, as Additional Rent, all sums received by Tenant in excess of the rent payable by Tenant hereunder which is attributable on an equally allocable square foot basis, to any subletting of all or any portion of the Demised Premises so subleased, and all consideration received on account of or attributable to any assignment of this Lease.

D. In the event Landlord consents to a Transfer by Tenant, then any option to renew this Lease, right to extend this Lease Term, or option or right of refusal to expand the Demised Premises shall automatically terminate.

E. Tenant covenants and agrees to pay, as Additional Rent to Landlord the amount of \$250.00 as an administrative charge to compensate Landlord for processing such request and any other reasonable costs and expenses incurred by Landlord in connection with such request (including, without limitation, reasonable attorneys' fees), whether or not the consent of Landlord is given to the Transfer requested by Tenant. Tenant shall pay such charge and an estimated amount of the other costs and expenses, as determined by Landlord, which shall be due and payable to Landlord, at the time that Tenant submits such request for consent to the Transfer to Landlord; provided, however, that upon request from Tenant, Landlord shall provide Tenant with the estimated or actual amount of such other costs and expenses. If the estimated amount paid by Tenant is greater than the actual amount of such costs and expenses, Landlord shall refund any such excess to Tenant, and if the actual amount of such costs and expenses are greater than such estimated amount paid by Tenant, Tenant shall pay to Landlord, within ten (10) days after demand by Landlord, any such additional actual costs and expenses. The payment of such administrative charge and other costs and expenses by Tenant shall be a condition precedent to the effectiveness of any consent by Landlord to such Transfer.

F. Notwithstanding anything to the contrary, Tenant shall not be entitled to make a Transfer to an existing tenant of the Building, or any subtenant or assignee thereof, or any person or entity with whom Landlord or its agent had contacted, negotiated with or given or received any written or oral proposal regarding a lease of space in the Building within the six (6) month period preceding Tenant's request for such Transfer. Tenant shall not display any "for lease" signs or lettering on or above the Demised Premises.

G. For the purposes of this Lease, the term "Transfer" shall also include: the transfer or change, whether voluntary, involuntary or by operation of law, of twenty-five percent (25%) or more of the control or ownership, whether legal or beneficial, in Tenant within a twelve (12) month period; the dissolution, merger, consolidation or other reorganization of Tenant; or the withdrawal, resignation or termination of the majority of any general partners, managers or board of directors of Tenant.

H. As a condition to Landlord's consent to a Transfer by Tenant, any assignee shall expressly assume all the obligations of Tenant under this Lease in a written instrument reasonably satisfactory to Landlord and furnished to Landlord not later than fifteen (15) days prior to the effective date of such assignment, and any subtenant shall covenant to Landlord to comply with all obligations of Tenant under this Lease as applied to the portion of the Demised Premises so sublet and to attorn to Landlord, at Landlord's written election, in the event of any termination of this Lease prior to the expiration date of the Lease Term, all of which shall be in a written instrument satisfactory to Landlord and furnished to Landlord not later than fifteen (15) days prior to the effective date of such sublease.

46. PAYMENT OF INCOME AND OTHER TAXES. Tenant covenants and agrees to pay, as Additional Rent, promptly when due all personal property taxes on personal property of Tenant on the Demised Premises and all federal, state and local income taxes, sales taxes, use taxes, Social Security taxes, unemployment taxes and taxes withheld from wages or salaries paid to Tenant's employees, the nonpayment of which might give rise to a lien on the Demised Premises or Tenant's interest therein, and to furnish, if requested by Landlord, evidence of such payments.

47. ESTOPPEL CERTIFICATES. Tenant covenants and agrees to execute, acknowledge and deliver to Landlord, upon Landlord's written request, a written statement certifying that this Lease is unmodified (or, if modified, stating the modifications) and in full force and effect; stating the dates to which Basic Rent has been paid; stating the amount of the Security Deposit held by Landlord; stating the amount of the Monthly Deposits held by Landlord for the then tax and insurance year; and stating whether or not Landlord or Tenant are in default under this Lease (and, if so, specifying the nature of the default); and stating such other matters concerning this Lease as Landlord may reasonably request. Tenant agrees that such statement may be delivered to and relied upon by any existing or prospective mortgagee or purchaser of the Property. Tenant agrees that a failure to deliver such a statement within ten (10) days after written request from Landlord shall be conclusive upon Tenant that this Lease is in full force and effect without modification except as may be represented by Landlord; that there are no uncured defaults by Landlord or Tenant under this Lease except as may be represented by Landlord; and that any representation by Landlord with respect to Basic Rent, the Security Deposit, the Monthly Deposits and any other permitted matter are true.

48. RIGHT TO INSPECT AND SHOW PREMISES. Tenant covenants and agrees that Landlord and the authorized representatives of Landlord shall have the right to enter the Demised Premises at any

reasonable time during ordinary business hours (or at any time in the event of an emergency) for the purposes of inspecting, repairing or maintaining the same or performing any obligations of Tenant which Tenant has failed to perform hereunder or for the purposes of showing the Demised Premises to any existing or prospective mortgagee, purchaser or lessee.

49. TITLE TO FIXTURES, IMPROVEMENTS AND EQUIPMENT. Tenant covenants and agrees that all fixtures and improvements on the Demised Premises and all equipment and personal property relating to the use and operation of the Demised Premises (as distinguished from operations incident to the business of Tenant), including all plumbing, heating, lighting, electrical and air conditioning fixtures and equipment, whether or not attached to or affixed to or located in the Demised Premises, shall be and remain the property of the Landlord upon expiration of this Lease Term.

50. REMOVAL OF TENANT'S EQUIPMENT. Tenant covenants and agrees to remove, at or prior to the expiration of this Lease Term, all of Tenant's Equipment. "Tenant's Equipment" shall mean all equipment, apparatus, machinery, signs, furniture, furnishings and personal property used in the operation of the business of Tenant (as distinguished from the use and operation of the Demised Premises). If such removal shall injure or damage the Demised Premises Tenant covenants and agrees, at its sole cost and expense, at or prior to the expiration of this Lease Term, to repair such injury and damage in good and workmanlike fashion and to place the Demised Premises in the same condition as the Demised Premises would have been if such Tenant's Equipment had not been installed. If Tenant fails to remove any of Tenant's Equipment by the expiration of this Lease Term, Landlord may, at its option, keep and retain any such Tenant's Equipment or dispose of the same and retain any proceeds therefrom, and Landlord shall be entitled to recover from Tenant any costs or expenses of Landlord in removing the same and in restoring the Demised Premises in excess of the actual proceeds, if any, received by Landlord from disposition thereof. Tenant releases and discharges Landlord from any and all claims and liabilities of any kind arising out of Landlord's disposition of Tenant's Equipment.

51. INDEMNITY AND WAIVER OF CLAIMS.

A. Tenant's Indemnity. Tenant shall hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, shareholders, employees, Mortgagee(s) and agents harmless from, and indemnify and defend such parties against, all liabilities, obligations, damages, penalties, claims, actions, costs, charges and expenses, including reasonable attorneys' fees and other professional fees that may be imposed upon, incurred by or asserted against any of such indemnified parties that arise out of or in connection with any damage or injury (i) occurring in the Demised Premises, except to the extent caused by the negligence or willful misconduct of Landlord or any of its employees, agents or contractors; or (ii) occurring elsewhere in the Building or on the Property to the extent caused by the negligence or willful misconduct of Tenant or any assignees, subtenants and licensees claiming by, through or under Tenant, or any of their respective agents, contractors, employees and invitees.

52. LIABILITY OF LANDLORD. Landlord shall be liable to Tenant for Landlord's gross negligence and willful misconduct. Tenant waives and releases any claims Tenant may have against Landlord or Landlord's officers, agents or employees for loss, damage or injury to person or property sustained by Tenant or Tenant's officers, agents, employees, guests, invitees or anyone claiming by, through or under Tenant resulting from any cause whatsoever other than gross negligence or willful misconduct. Notwithstanding anything to the contrary contained in this Lease, Landlord, its beneficiaries, successors and assigns, shall not be personally liable with respect to any of the terms, covenants and conditions of this Lease, and Tenant shall look solely to the equity of Landlord in the Property in the event of any default or liability of Landlord under this Lease, such exculpation of liability to be absolute and without any exception whatsoever.

53. TRANSFER BY LANDLORD. In the event of a transfer by Landlord of the Property or of Landlord's interest as Landlord under this Lease, Landlord's successor or assign shall take subject to and be bound by this Lease and, in such event, Tenant covenants and agrees that Landlord shall be released from all obligations of Landlord under this Lease, except obligations which arose and matured prior to such transfer by Landlord; that Tenant shall thereafter look solely to Landlord's successor or assign for satisfaction of the obligations of Landlord under this Lease; and that, upon demand by Landlord or Landlord's successor or assign, Tenant shall attorn to such successor or assign.

54. RULES AND REGULATIONS. Tenant shall observe and comply with rules and regulations attached hereto as Exhibit D, which may be amended from time to time by Landlord by providing written notice thereof to Tenant. Landlord shall not be responsible to Tenant for the failure of any other tenant of the Building to observe or comply with any of the rules or regulations. In the event of conflicts between the Rules and Regulations and the provisions of the Lease the Lease provisions shall take precedence.

55. USE OF COMMON AREAS. Tenant is hereby granted the non-exclusive right and license to use, in common with others entitled to such use, the Common Areas, as it from time to time exists, subject to the rights of Landlord reserved herein. Tenant shall not interfere, at any time, with the rights of Landlord and others entitled to use any part of the Common Areas, and shall not store, either permanently or temporarily, any materials, supplies or equipment on the Common Areas. Landlord shall have the right, at any time, to change, reduce or otherwise alter the Common Areas, in its sole discretion and without compensation to Tenant.

56. HAZARDOUS SUBSTANCES.

A. Tenant shall, at its sole cost and expense, keep and maintain the Property in good condition, ordinary wear and tear and damage by fire or other casualty excepted and promptly respond to and cleanup any release or threatened release of any Hazardous Substance (as hereinafter defined) into the drainage systems, soil, surface water, groundwater, or atmosphere, in a safe manner, in strict accordance with Applicable Law (as hereinafter defined), and as authorized or approved by all federal, state, and/or

local agencies having authority to regulate the permitting, handling, and cleanup of Hazardous Substances; provided, however, Tenant's obligations under this sentence shall not include any Hazardous Substances which Tenant proves existed on the Property on the commencement of this Lease Term unless caused by any act or omission of Tenant, or its employees or agents. Tenant, its employees and agents, shall not use, store, generate, treat, transport, or dispose of any Hazardous Substance at the Property without first obtaining Landlord's written approval, which consent shall be in Landlord's sole and subjective discretion. Tenant shall notify Landlord and seek such approval in writing at least thirty (30) days prior to bringing any Hazardous Substance onto the Property. Landlord may withdraw approval of any such Hazardous Substance at any time, for reasonable cause related to the threat of site contamination, or damage or injury to persons, property or resources on or near the Property. Upon withdrawal of such approval, Tenant shall immediately remove the Hazardous Substance from the site. Landlord's failure to approve the use of a Hazardous Substance under this Section shall not limit or affect Tenant's obligations under this Lease, including Tenant's duty to remedy or remove releases or threatened releases; to comply with Applicable Law relating to the use, storage, generation, treatment, transportation, and/or disposal of any such Hazardous Substances; or to indemnify Landlord against any harm or damage caused thereby.

B. For any month in which any Hazardous Substances have been used, generated, treated, stored, transported or otherwise been present on or in the Property pursuant to the provisions of this Section, Tenant shall provide Landlord with a written report listing the Hazardous Substances which were present on the Property; all releases of Hazardous Substances that occurred or were discovered on the Demised Premises; all compliance activities related to such Hazardous Substances, including all contacts with government agencies or private parties of any kind concerning Hazardous Substances; and all manifests, business plans, consent agreements or other documents relating to Hazardous Substances executed or requested during that time period. The report shall include copies of all documents and correspondence related to such activities and written reports of all oral contacts relating thereto. Tenant shall permit Landlord and Landlord's agents to enter into and upon the Demised Premises, without notice, at all reasonable times (or at any time in the event of an emergency) for the purpose of inspecting the Demised Premises and all activities thereon, including activities involving Hazardous Substances, on the Demised Premises. Such right of entry and inspection shall not constitute managerial or operational control by Landlord over any activities or operations conducted on the Property by Tenant.

C. Tenant hereby indemnifies, defends and holds harmless Landlord from and against any suits, actions, legal or administrative proceedings, demands, claims, liabilities, fines, penalties, losses, injuries, damages, expenses or costs, including interest and attorneys' fees, incurred by, claimed or assessed against Landlord caused by any Hazardous Substances brought to the Property by the Tenant, or its employees or agents.

D. Without limiting its obligations under any other Section of this Lease, Tenant shall be solely and completely responsible for responding to and complying with any administrative notice, order, request or demand, or any third party claim or demand relating to potential or actual contamination on the Property and resulting from the acts of Tenant, its employees and agents. Tenant hereby waives, releases and discharges forever Landlord from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with any condition of environmental contamination of the Property, or the existence of Hazardous Substances in any state on the Property, however they came to be placed there.

E. "Hazardous Substance(s)" shall mean any hazardous substance, pollutant, contaminant, waste, by-product or constituent regulated under any of the Applicable Laws (as hereinafter defined); oil and petroleum products, natural gas, natural gas liquids, liquified natural gas, and synthetic gas usable for fuel; pesticides regulated under any of the Applicable Laws; asbestos and asbestos containing materials, PCBs and other substances regulated under any of the Applicable Laws; raw materials, building components and the product of any manufacturing or other activities on the Property; source material, special nuclear material, by-product material and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act or the Nuclear Waste Policy Act; chemicals subject to the OSHA Hazard Communications Standard industrial process and pollution control wastes, whether or not defined as hazardous within the meaning of any Applicable Law; and any substance which at any time shall be listed as "hazardous" or "toxic" or regulated under any of the Applicable Laws.

F. "Applicable Law(s)" shall include, but shall not be limited to, all federal, state, and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and cleanup including all federal, state, regional, county, municipal, agency, judicial and other local laws, statutes, ordinances, regulations, rules and rulings, whether currently in existence or hereinafter enacted or promulgated, that govern or relate to: (i) the existence, cleanup and/or remedy of contamination of property; (ii) the protection of the environment from spilled, deposited or otherwise emplaced contamination; (iii) the control of Hazardous Substances; or (iv) the use, generation, discharge, transportation, treatment, removal or recovery of Hazardous Substances.

57. NOTICE OF DAMAGE. If any portion of the Demised Premises shall be damaged or destroyed by fire or other casualty, Tenant shall give prompt written notice to Landlord ("Tenant's Notice of Damage").

58. OPTIONS IF DAMAGE SUBSTANTIAL. Upon receipt of Tenant's Notice of Damage, Landlord shall promptly proceed to determine the nature and extent of the damage or destruction and to estimate the time necessary to repair or restore the Demised Premises. As soon as reasonably possible, Landlord shall give written notice to Tenant stating Landlord's estimate of the time necessary to repair or restore the Demised Premises ("Landlord's Notice of Repair Time"). If Landlord reasonably estimates that repair or restoration of the Demised Premises cannot be completed within one hundred eighty (180) days from the time of Tenant's Notice of Damage, Landlord and Tenant shall each have the option to terminate this Lease. If, however, the damage or destruction was caused by the act or omission of Tenant or Tenant's officers, employees, agents, guests or invitees or of anyone claiming by, through or under Tenant, Landlord shall have the option to terminate this Lease if Landlord reasonably estimates that the repair or restoration cannot reasonably be completed within one hundred eighty (180) days from the time of

Tenant's Notice of Damage, but Tenant shall not have the option to terminate this Lease. Any option granted hereunder shall be exercised by written notice to the other party given within ten (10) days after Landlord's Notice of Repair Time. If either Landlord or Tenant exercises its option to terminate this Lease, this Lease Term shall expire ten (10) days after the notice by either Landlord or Tenant exercising such party's option to terminate this Lease. Following termination of this Lease under the provisions hereof, Landlord shall refund to Tenant such amounts of Basic Rent and Additional Rent theretofore paid by Tenant as may be applicable to the period subsequent to the time of Tenant's Notice of Damage less the reasonable value of any use or occupation of the Demised Premises by Tenant subsequent to the time of Tenant's Notice of Damage.

59. OPTIONS IF DAMAGE TO BUILDING. If the Building shall be damaged or destroyed by fire or other casualty (though the Demised Premises may not be affected or if affected, can be repaired within one hundred eighty (180) days) to the extent of 33-1/3% or more of the replacement value of the Building, and within such twenty (20) days after the happening of such damage Landlord shall decide not to reconstruct or rebuild the Building, then upon written notice to Tenant within such twenty (20) days, this Lease shall terminate and Landlord shall refund to Tenant such amounts of Basic Rent and Additional Rent paid by Tenant for the period after such damage less the reasonable value of any use or occupation of the Demised Premises by Tenant during such period.

60. OBLIGATIONS TO REPAIR AND RESTORE. If repair and restoration of the Demised Premises can be completed within the period specified in Section 58, in Landlord's reasonable estimation, or if neither Landlord nor Tenant terminate this Lease as provided in Sections 58 or 59, then this Lease shall continue in full force and effect and Landlord shall proceed to repair and restore the Demised Premises with reasonable diligence and there shall be abatement of Basic Rent and Additional Rent proportionate to the extent of the space and period of time that Tenant is unable to use the Demised Premises.

61. APPLICATION OF INSURANCE PROCEEDS. The proceeds of any Casualty Insurance maintained on the Demised Premises, other than casualty insurance maintained by Tenant on fixtures and personal property of Tenant, shall be paid to and become the property of Landlord, subject to any obligation of Landlord to cause the Demised Premises to be repaired and restored and further subject to any rights of a holder of a mortgage or deed of trust encumbering the Property to such proceeds. Landlord's obligation to repair and restore the Demised Premises is limited to the repair and restoration that can be accomplished with the proceeds of any Casualty Insurance maintained on the Demised Premises. The amount of any such insurance proceeds is subject to any right of a holder of a mortgage or deed of trust encumbering the Property to apply such proceeds to its secured debt.

62. TAKING. A "Taking" shall mean the taking of all or any portion of the Demised Premises or the Building as a result of the exercise of the power of eminent domain or condemnation for public or quasi-public use or the sale of all or part of the Demised Premises or the Building under the threat of condemnation. A "Substantial Taking" shall mean a Taking of twenty-five percent (25%) or more of the area (in square feet) of either the Demised Premises or the Building. An "Insubstantial Taking" shall mean a Taking that does not constitute a Substantial Taking.

63. TERMINATION ON TAKING. If there is a Substantial Taking with respect to the Demised Premises or the Building, this Lease Term shall expire on the date of vesting of title pursuant to such Taking. In the event of termination of this Lease under the provisions hereof, Landlord shall refund to Tenant such amounts of Basic Rent and Additional Rent theretofore paid by Tenant as may be applicable to the period subsequent to the time of termination of this Lease.

64. RESTORATION ON TAKING. In the event of an Insubstantial Taking with respect to the Demised Premises or the Building, this Lease shall continue in full force and effect, Landlord shall proceed forthwith to cause the Demised Premises, less such Taking, to be restored as near as may be to the original condition thereof and there shall be abatement of Basic Rent and Additional Rent proportionate to the extent of the space so taken.

65. RIGHT TO AWARD. The total award, compensation, damages or consideration received or receivable as a result of a Taking ("Award") shall be paid to and be the property of Landlord, including, without limitation, any part of the Award made as compensation for diminution of the value of this Leasehold or the fee of the Demised Premises. Tenant hereby assigns to Landlord, all of Tenant's right, title and interest in and to any such Award. Tenant covenants and agrees to execute, immediately upon demand by Landlord, such documents as may be necessary to facilitate collection by Landlord of any such Award. Notwithstanding Landlord's right to the entire Award, Tenant shall be entitled to any separate award for the loss of Tenant's personal property or the loss of Tenant's business and profits.

66. FAILURE TO PAY RENT OR OTHER AMOUNTS. A Default by Tenant shall exist if Tenant fails to pay Basic Rent, Additional Rent, Monthly Deposits, or any other amounts payable by Tenant within five (5) days after such rental or other amount is due under the terms of this Lease.

67. VIOLATION OF LEASE TERMS. A Default by Tenant shall exist if Tenant breaches or fails to comply with any non-monetary agreement, term, covenant or condition in this Lease applicable to Tenant, and does not cure such breach or failure within twenty (20) days after notice by Landlord to Tenant, or, if such breach or failure to comply cannot be reasonably cured within such 20-day period, if Tenant shall not in good faith commence to cure such breach or failure to comply within such 20-day period or shall not diligently proceed therewith to completion within sixty (60) days following the occurrence of the breach or failure. Landlord shall not be required to give written notice of a non-monetary default more than two (2) times in any twelve month period during this Lease Term, and thereafter Tenant's failure to perform any non-monetary agreement, term, covenant, or condition shall be a Default without notice or demand.

68. TRANSFER WITHOUT CONSENT. A Default by Tenant shall exist if Tenant's interest under this Lease or in the Demised Premises shall be transferred to or pass to or devolve upon any other party without Landlord's prior written consent.

69. EXECUTION AND ATTACHMENT AGAINST TENANT. A Default by Tenant shall exist if Tenant's interest under this Lease shall be taken upon execution or by other process of law directed against Tenant, or shall be subject to any attachment at the instance of any creditor or claimant against Tenant and said attachment shall not be discharged or disposed of within fifteen (15) days after the levy thereof.

70. BANKRUPTCY OR RELATED PROCEEDINGS. A Default by Tenant shall exist if Tenant shall file a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any similar act of any state, or shall voluntarily take advantage of any such law or act by answer or otherwise, or shall be dissolved or shall make an assignment for the benefit of creditors or if involuntary proceedings under any such bankruptcy or insolvency law or for the dissolution of Tenant shall be instituted against Tenant or a receiver or trustee shall be appointed for the Demised Premises or for all or substantially all of the property of Tenant, and such proceedings shall not be dismissed or such receivership or trustee-ship vacated within sixty (60) days after such institution or appointment.

71. CURE BY LANDLORD. In the event of a Default by Tenant, Landlord may, at Landlord's option, but without obligation to do so, and without releasing Tenant from any obligations under this Lease, make any payment or take any action as Landlord may deem necessary or desirable to cure any such Default by Tenant in such manner and to such extent as Landlord may deem necessary or desirable. Landlord may do so without demand on, or written notice to, Tenant and without giving Tenant an opportunity to cure such Default by Tenant. Tenant covenants and agrees to pay to Landlord, within ten (10) days after demand, all advances, costs and expenses of Landlord in connection with the making of any such payment or the taking of any such action including, without limitation, (a) a charge in the amount of fifteen percent (15%) of such advances, costs and expenses payable to Landlord to compensate for the administrative overhead attributable to such action, (b) reasonable attorney's fees, and (c) interest as hereinafter provided from the day of payment of any such advances, costs and expenses by Landlord. Action taken by Landlord may include commencing, appearing in, defending or otherwise participating in any action or proceeding and paying, purchasing, contesting or compromising any claim, right, encumbrance, charge or lien, with respect to the Demised Premises which Landlord, in its discretion, may deem necessary or desirable to protect its interest in the Demised Premises and under this Lease.

72. TERMINATION OF LEASE AND DAMAGES. In the event of a Default by Tenant, Landlord may terminate this Lease, effective at such time as may be specified by written notice to Tenant, and demand (and, if such demand is refused, recover) possession of the Demised Premises from Tenant. Tenant shall remain liable to Landlord for damages in an amount equal to the Basic Rent, Additional Rent and other sums which would have been owing by Tenant hereunder for the balance of the term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Demised Premises by Landlord subsequent to such termination, after deducting all Landlord's expenses in connection with such recovery of possession or reletting. Landlord shall be entitled to collect and receive such damages from Tenant on the days on which the Basic Rent, Additional Rent and other amounts would have been payable if this Lease had not been terminated. Alternatively, at the option of Landlord, Landlord shall be entitled to recover forthwith from Tenant, as damages for loss of the bargain and not as a penalty, an aggregate sum which, at the time of such termination of this Lease, represents the excess, if any, of (a) the aggregate of the Basic Rent, Additional Rent and all other sums payable by Tenant hereunder that would have accrued for the balance of this Lease Term, over (b) the aggregate rental value of the Demised Premises for the balance of this Lease Term, both discounted at the rate of 8% per annum.

73. REPOSSESSION AND RELETTING. In the event of Default by Tenant, Landlord may reenter and take possession of the Demised Premises or any part thereof, without demand or notice, and repossess the same and expel Tenant and any party claiming by, under or through Tenant, and remove the effects of both using such force as may be necessary, without being liable for prosecution on account thereof or being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of rent or right to bring any proceeding for breach of covenants or conditions. No such reentry or taking possession of the Demised Premises by Landlord shall be construed as an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No notice from Landlord hereunder or under a forcible entry and detainer statute or similar law shall constitute an election by Landlord to terminate this Lease unless such notice so states. Landlord reserves the right, following any reentry or reletting, to exercise its right to terminate this Lease by giving Tenant written notice. After recovering possession of the Demised Premises, Landlord may, from time to time, but shall not be obligated to, relet the Demised Premises, or any part thereof, for the account of Tenant, for such term or terms and on such conditions and upon such other terms as Landlord, in its sole and subjective discretion, may determine. Landlord may make such repairs, alterations or improvements as Landlord may consider appropriate to accomplish such reletting, and Tenant shall reimburse Landlord upon demand for all costs and expenses, including attorneys' fees, which Landlord may incur in connection with such reletting. Landlord may collect and receive the rents for such reletting but Landlord shall in no way be responsible or liable for any failure to relet the Demised Premises, or any part thereof, or for any failure to collect any rent due upon such reletting. Notwithstanding Landlord's recovery of possession of the Demised Premises, Tenant shall continue to pay on the dates herein specified, the Basic Rent, Additional Rent and other amounts which would be payable hereunder if such repossession had not occurred. Upon the expiration or earlier termination of this Lease, Landlord shall refund to Tenant any amount, without interest, by which the amounts paid by Tenant, when added to the net amount, if any, recovered by Landlord through any reletting of the Demised Premises, exceeds the amounts payable by Tenant under this Lease. If, in connection with any reletting, the new lease term extends beyond the existing term, or the premises covered thereby include other premises not part of the Demised Premises,

a fair apportionment of the rent received from such reletting and the expenses incurred in connection therewith shall be made in determining the net amount recovered from such reletting.

74. SUITS BY LANDLORD. Actions or suits for the recovery of amounts and damages payable under this Lease may be brought by Landlord from time to time, at Landlord's election, and Landlord shall not be required to await the date upon which this Lease Term would have expired to bring any action or suit.

75. RECOVERY OF LANDLORD ENFORCEMENT COSTS. All costs and expenses incurred by Landlord in connection with collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees, whether or not any action is commenced by Landlord, shall be paid by Tenant to Landlord upon demand.

76. ADMINISTRATIVE LATE CHARGE. Notwithstanding any other remedies for nonpayment of rent, if the monthly payment of Basic Rent and Additional Rent are not received by Landlord on or before the fifth (5th) day of the month for which such rental is due, or if any other payment due Landlord by Tenant is not received by Landlord on or before the fifth (5th) day of the month next following the month in which Tenant was invoiced, an administrative late charge of five percent (5%) of such past due amount shall become due and payable, as Additional Rent, in addition to such amounts owed under this Lease of Space to help defray the additional cost to Landlord for processing such late payments.

77. INTEREST ON PAST-DUE PAYMENTS. Tenant covenants and agrees to pay to Landlord, as Additional Rent, interest on demand at the rate of eighteen percent (12%) per annum, compounded on a monthly basis, on the amount of any Basic Rent, Monthly Deposit or other charges not paid when due, from the date due, and on the amount of any payment made by Landlord required to have been made by Tenant under this Lease and on the amount of any costs and expenses, including reasonable attorneys' fees, paid by Landlord in connection with the taking of any action to cure any Default by Tenant, from the date of making any such payment or the advancement of such costs and expenses by Landlord.

78. ADDITIONAL DAMAGES. In the event of a Default by Tenant, Landlord shall be entitled to recover as damages, in addition to all other damages and remedies provided hereunder, an amount equal to the total of (i) the cost of recovering possession of the Demised Premises, (ii) the unpaid Basic Rent, Additional Rent and any other amounts current at the time of such Default, (iii) damages for the wrongful withholding of the Demised Premises by Tenant, and (iv) consequential damages and loss of profits.

79. LANDLORD'S BANKRUPTCY REMEDIES. Nothing contained in this Lease shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding, an amount equal to the maximum allowable by any statute or rule of law governing such proceeding in effect at the time when such damages are to be proved, whether or not such amount be greater, equal or less than the amounts recoverable, either as damages or rent, under this Lease.

80. REMEDIES CUMULATIVE. Exercise of any of the remedies of Landlord under this Lease shall not prevent the concurrent or subsequent exercise of any other remedy provided for in this Lease or otherwise available to Landlord at law or in equity.

81. SURRENDER UPON LEASE EXPIRATION. Upon the expiration or earlier termination of this Lease, or on the date specified in any demand for possession by Landlord after any Default by Tenant, Tenant covenants and agrees to surrender possession of the Demised Premises to Landlord broom clean, with all lighting, doors, and electrical and mechanical systems in good working order and condition, all walls in clean condition and holes or punctures in the walls repaired, and otherwise in the same condition as when Tenant first occupied the Demised Premises, ordinary wear and tear excepted. Tenant, at the Landlord's option, shall transfer the telephone services to Landlord instead of terminating such service account, provided that Landlord bears any costs of such transfer. If within the last ninety (90) days of this Lease Term Tenant has vacated the Demised Premises, Landlord shall have the right to decorate, remodel, repair, or otherwise prepare the Demised Premises for reletting and reoccupancy.

82. HOLDING OVER. If Tenant shall hold over after the expiration of this Lease Term, without written agreement providing otherwise, Tenant shall be deemed to be a Tenant from month to month not to exceed six (6) months, at a monthly rental, payable in advance, equal to one hundred fifty percent (150%) of the Basic Rent and Additional Rent, and Tenant shall be bound by all of the other terms, covenants and agreements of this Lease. Nothing contained herein shall be construed to give Tenant the right to hold over at any time, and Landlord may exercise any and all remedies at law or in equity to recover possession of the Demised Premises, as well as any damages incurred by Landlord, due to Tenant's failure to vacate the Demised Premises and deliver possession to Landlord as herein provided.

83. NO IMPLIED WAIVER. No failure by Landlord to insist upon the strict performance of any term, covenant or agreement contained in this Lease, no failure by Landlord to exercise any right or remedy under this Lease, and no acceptance of full or partial payment during the continuance of any Default by Tenant, shall constitute a waiver of any such term, covenant or agreement, or any such right or remedy, or any such Default by Tenant.

84. SURVIVAL OF PROVISIONS. Notwithstanding any termination of this Lease, the same shall continue in force and effect as to any provisions hereof which require observance or performance by Landlord or Tenant subsequent to termination.

85. COVENANTS INDEPENDENT. This Lease shall be construed as if the covenants herein between Landlord and Tenant are independent, and not dependent, and Tenant shall not be entitled to any offset against Landlord if Landlord fails to perform its obligations under this Lease.

86. COVENANTS AS CONDITIONS. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

87. COVENANT OF QUIET ENJOYMENT. Landlord covenants and agrees that, provided Tenant is not in default and keeps, observes and performs the covenants and agreements of Tenant contained in this Lease, Tenant shall have quiet and peaceable possession of the Demised Premises and shall not be disturbed or interfered with by Landlord or by any person claiming by, through or under Landlord.

88. TENANT'S REMEDIES. Tenant may bring a separate action against Landlord for any claim Tenant may have against Landlord under this Lease, provided Tenant shall first give written notice thereof to Landlord and shall afford Landlord a reasonable opportunity to cure any such default. In no event shall Landlord be responsible for any consequential damages incurred by Tenant including, but not limited to, loss of profits or interruption of business as a result of any default by Landlord hereunder.

89. BINDING EFFECT. This Lease shall extend to and be binding upon the heirs, executors, legal representatives, successors and assigns of the respective parties hereto. The terms, covenants, agreements and conditions in this Lease shall be construed as covenants running with the Land.

90. RECORDING. This Lease shall not be recorded

91. NOTICES AND DEMANDS. All notices, demands or billings under this Lease shall be in writing, signed by the party giving the same and shall be deemed properly given and received when actually given and received or three (3) business days after mailing, if sent by registered or certified United States mail, postage prepaid, addressed to the party to receive the notice at the address set forth for such party in Exhibit A of this Lease or at such other address as either party may notify the other of in writing.

92. TIME OF THE ESSENCE. Time is of the essence under this Lease, and all provisions herein relating thereto shall be strictly construed.

93. CAPTIONS FOR CONVENIENCE. The headings and captions hereof are for convenience only and shall not be considered in interpreting the provisions hereof.

94. SEVERABILITY. If any provision of this Lease shall be held invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and there shall be deemed substituted for the affected provision a valid and enforceable provision as similar as possible to the affected provision.

95. GOVERNING LAW. This Lease shall be enforced according to the laws of the State of Colorado.

96. ENTIRE AGREEMENT. This Lease and Exhibits referred to herein, constitute the final and complete expression of the parties' agreements with respect to the Demised Premises and Tenant's occupancy thereof. Each party agrees that it has not relied upon or regarded as binding any prior agreements, negotiations, representations, or understandings, either oral or written, except as set forth herein.

97. NO ORAL MODIFICATIONS. No modification of this Lease, and no approvals, consents or waivers by Landlord, shall be valid or binding unless in writing and executed by the party to be bound.

98. FORMAT. This Lease has been prepared to reflect all additions and deletions negotiated between Landlord and Tenant. Tenant acknowledges that it has had the opportunity to thoroughly review and negotiate this Lease and that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease.

99. REAL ESTATE BROKERS. Tenant covenants to pay, hold harmless and indemnify the Landlord from and against any and all cost, expense or liability for any compensation, commissions, charges or claims by any broker or other agent with respect to this Lease or the negotiation thereof other than the broker(s) listed as the Broker(s) on Exhibit A.

100. AUTHORITY OF TENANT. Each individual executing this Lease on behalf of Tenant represents and warrants that he is duly authorized to do so and that this Lease is binding upon Tenant.

101. Right To Inspect And Show Premises. Tenant covenants and agrees that Landlord and the authorized representatives of Landlord shall have the right to enter the Demised Premises at any reasonable time during ordinary business hours (or at any time in the event of an emergency) for the purposes of inspecting, repairing or maintaining the same OR performing any obligations of Tenant which Tenant has failed to perform hereunder OR for the purposes of showing the Demised Premises to any existing or prospective mortgagee, purchaser or lessee.

IN WITNESS WHEREOF the parties hereto have caused this Lease to be executed the day and year first above written.

TENANT: Tenant,

By: _____
Name: _____
Title: _____

STATE OF COLORADO) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2013

By _____ as _____ of _____.

Witness my hand and official seal.
My commission expires: _____.

Notary Public

LANDLORD: Freight On The River, LLC

By:
Name: Kyle Zeppelin
Title: Manager

STATE OF COLORADO) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this _____ day of _____, 2013,
by _____ as _____ of _____.

Witness my hand and official seal.
My commission expires: _____.

Notary Public

EXHIBIT A
Summary of Basic Lease Terms

Exhibit A

- 1 Tenant: Tenant
- 2 Building:

(a) Name: Freight On The River, LLC

(b) Address: 3507 Ringsby Ct. #107

(c) Approximate Total Area: 28,633 Total Square Feet (RSF)
- 3 Total Rentable Area: 1,344 SF
- 4 Lease Term: 36 Months

(a) Commencement Date: 10/1/13
- 5 Basic Rent:

(a) Area Basis for Basic Rent (Total Rentable Area): 1,344 RSF

	Months	Rate	Amount
(c) Total Annual:	1-12	\$25.00	\$33,600.00
	13-24	\$26.00	\$34,944.00
	25-36	\$27.00	\$36,288.00
Total Monthly:			
(d)	1-12		\$2,800.00
	13-24		\$2,912.00
	25-36		\$3,024.00
- 6 Additional Rent (Operating Expenses):

(a) Area Basis (Total Rentable Area): 1,344 SF

Additional Rent (Not including

(b) utilities and janitorial): \$7.00 per RSF

(c) Annual Estimated Additional Rent: \$9,408.00

(d) Monthly Estimated Additional Rent: \$784.00
- 7 Total Estimated Rent (Basic Rent+Estimated Additional Rent):

(a) Area Basis (Total Rentable Area): 1,344 RSF

	Months	Amount
(b) Total Annual:	1-12	\$43,008.00
	13-24	\$44,352.00
	25-36	\$45,696.00
(c) Total Monthly:		
	1-12	\$3,584.00
	13-24	\$3,696.00
	25-36	\$3,808.00
- 8 Broker(s):

(a) Landlord is represented by Zeppelin and Co. which is acting as Landlord's Agent.

No other broker is assumed and Tenant is responsible for paying cost of outside broker
- 10 Security Deposit. Upon signing, Tenant shall deposit \$3584.00 to be held as security deposit per the terms contained in the lease.

EXHIBIT B
Rules & Regulations
3507 Ringsby Court
Denver, Colorado 80216

Landlord and Tenant agree that the Tenant's employees, agents, vendors and visitors that occupy or enter the Premises, will at all times abide by these Building Rules and Regulations. All references in these Rules and Regulations to "Tenant" shall be deemed to include the employees, agents, invitees, guests, visitors and licensees of Tenant and others permitted by Tenant to use or occupy the Premises.

1. The sidewalks, entries, passages, corridors, stairways and elevators of the Building shall not be obstructed by Tenant, or used for any purpose other than ingress to and egress from the Premises.
2. Furniture, equipment or supplies will be moved in or out of the Building only during such hours and in such manner as may be prescribed by Landlord and upon no less than forty-eight (48) hours prior notice to Landlord. Landlord shall have the right to approve or disapprove the movers or moving company employed by Tenant. Tenant shall cause its movers to use only the loading facilities designated by Landlord. In the event Tenant's movers damage any part of the Building, Tenant shall forthwith pay to Landlord the amount required to repair such damages. Tenant shall insure that deliveries of materials and supplies to the Premises are made through such entrances and corridors and at such times as may be designated by Landlord, and shall promptly pay or cause to be paid the cost of repairing any damage in or to the Building or Property caused by any person making such deliveries.
3. No safe or articles, the weight of which may in the opinion of Landlord constitute a Hazard or damage to the Building or Building's equipment shall be moved into the Premises.
4. Materials and equipment, the weight of which is not excessive, shall be moved into, from and about the Building only during such hours and in such manner as shall be prescribed by Landlord; and Landlord shall have the right to designate the location of such articles in the Premises.
5. No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building or Property unless of such color, size and style and in such place upon or in the Building or Property, as shall be first designated and approved in writing by Landlord, provided, however, there shall be no obligation or duty on Landlord to allow any sign, advertisement or notice to be inscribed, painted or affixed on any part of the inside or outside of the Building or Property except as otherwise provided in the Lease. No furniture shall be placed in front of the Building or in any lobby or corridor, without the prior written discretionary consent of Landlord. Landlord shall have the right to remove all non-permitted signs and furniture, without notice to Tenant, and at the expense of Tenant.
6. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything therein which would in any way increase the rate of fire insurance on the Building or on property kept therein, constitute a nuisance or waste, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them, or conflict with any of the rules or ordinances of the Fire Department or of the Department of Health of the City and County of Denver.
7. Tenant shall not employ any person or persons other than the janitor services of Landlord for the purpose of cleaning or taking care of the Premises, without the prior written consent of Landlord. Landlord shall be in no way responsible to Tenant for any loss of property from the Premises, however occurring, or for any damage done to Tenant's furniture or equipment by the janitor or any of janitor's staff, or by any other person or persons whomsoever, provided, however, that the janitorial staff is bonded. The janitor of the Building may at all times keep a pass key, and other agents of Landlord shall at all times be allowed admittance to the Premises.
8. Restrooms and other water fixtures shall not be used for any purpose other than that for which they are intended, and any damage resulting to the same from misuse on the part of Tenant, shall be paid for by Tenant. No person shall waste water by opening the faucets or in any other manner.
9. No animals, except licensed guide dogs, shall be allowed in the offices, halls, and corridors in the Building. No person shall disturb the occupants of this or adjoining buildings or premises by the use of any radio, sound equipment or musical instrument or by the making of loud or improper noises.
10. No vehicles, including bicycles, shall be permitted in the offices, halls, and corridors in the Building nor shall any vehicles be permitted to obstruct the sidewalks or entrances of the Building.
11. Tenant shall not allow anything to be placed on the outside of the Building, nor allow anything to be thrown by Tenant, Tenant's agents or employees, out of the windows or doors, or down the corridors, or ventilating ducts of the Building.
12. No additional lock or locks shall be placed by Tenant on any door in the Building unless written consent of Landlord shall first have been obtained. If, with Landlord's consent, Tenant installs lock(s) incompatible with the Building Master Locking System: (a) Landlord, without abatement of rent, shall be relieved of any obligation under the Lease to provide any services to the affected areas which requires access thereto; (b) Tenant shall indemnify Landlord against any expenses as a result of forced entry thereto, which may be required in an emergency; and; (c) Tenant shall at the end of the term and at Landlord's request move such lock(s) at Tenant's expenses. A reasonable number of keys to the toilet rooms if locked by Landlord will be furnished by Landlord, and neither Tenant, Tenant's agents or employees shall have any duplicate keys made. At the termination of this tenancy, Tenant shall promptly

return to Landlord all keys to offices, toilet rooms or other areas of the Building or Property. Landlord may from time to time install and change locking mechanisms on the Premises, and shall provide Tenant with two (2) sets of keys for each lock set at no additional charge. If now or at any future time the locking mechanisms of the Building, Property or Premises utilize "card keys", Tenant shall deposit with Landlord the sum of \$15.00 for each card key issued to Tenant and Tenant's employees, as a deposit to be refunded to Tenant upon return of the applicable card key.

13. No window shades, blinds, screens, draperies or other window coverings will be attached or detached by Tenant without Landlord's prior written consent. Tenant agrees to abide by Landlord's rules with respect to maintaining uniform curtains, draperies and/or linings at all windows and hallways.

14. No awnings shall be placed over any window by the Tenant.

15. If Tenant desires telegraphic, telephonic or other electric connections, Landlord or Landlord's agents will direct the electricians as to where and how the wires may be introduced and without such directions, no boring or cutting for wires will be permitted. Any such installation and connection shall be made at Tenant's expense and in accordance with applicable Building codes and regulations.

16. Tenant shall not install or operate any steam or gas engine or boiler, or carry on any mechanical operation in the Premises. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Building or Property.

17. Any painting or decorating as may be agreed to be done by and at the expense of Landlord shall be done during regular weekday working hours. Should Tenant desire such work on Saturdays, Sundays, holidays or outside of regular working hours, Tenant shall pay for the extra cost thereof. Tenant shall carry out Tenant's repair, maintenance, alterations and improvements in the Premises only during times agreed to in advance by Landlord and in a manner, which will not interfere with the rights of the other tenants in the Building or Property.

18. Except as permitted by Landlord and except for normal office decorating, Tenant shall not mark upon, paint signs upon cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of the Premises or of the Building or Property, and any defacement, damage or injury caused by Tenant, Tenant's agents or employees, shall be paid for by Tenant.

19. Landlord shall at all times have the right, by Landlord's representative or agents, to enter the Premises and show the same to persons wishing to lease them, and may, at any time within sixty (60) days preceding the termination of Tenant's Lease term, place upon the doors and windows of the Premises a "For Rent" sign, which notice shall not be removed by Tenant.

20. Tenant shall not obstruct or interfere with the rights of other tenants of the Building or Property, or of persons having business in the Building, or in any way injure or annoy such tenants or persons.

21. Tenant shall not commit any act or permit anything in or about the Building or Property that shall or might subject Landlord to any liability or responsibility for injury to any person or property by reason of any business or Operations being carried on in or about the Building or Property or for any other reason.

22. Tenant shall not use the Building for lodging, sleeping, cooking or for any immoral or illegal purpose or for any purpose that will damage the Building or Property, or the reputation thereof, or for any purposes other than those specified in the Lease.

23. Canvassing, soliciting, and peddling in the Building and Property are prohibited, and Tenant shall cooperate to prevent such activities.

24. Tenant shall not conduct mechanical or manufacturing operations, , or place or use any inflammable combustible explosive, or hazardous fluid, chemical, device, substance or material in or about the Building or Property. Tenant shall comply with all statutes, ordinances, rules, orders, regulations and requirements imposed by governmental or quasi-governmental authorities in connection with fire and public safety and fire prevention and shall not commit any act or permit any object to be brought or kept in the Building, which shall result in a change of the rating of the Building by the Insurance Services Officer or any similar person or entity.

25. Tenant shall not use the Building or Property for manufacturing unless otherwise agreed. Tenant shall not occupy the Building or Property or permit any portion of the Building to be occupied for the manufacture or direct sale of liquor, narcotics, or tobacco in any form, or as a medical office, barber shop, manicure shop, music or dance studio or employment agency. Tenant shall not conduct in or about the Building and Property any auction, public or private, without the prior written approval of Landlord.

26. Tenant shall not use in the Building any machines, other than the standard office machines such as personal computers, typewriters, calculators, copying machines and similar machines, without the express prior written consent of Landlord. All office equipment and any other device of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, so as to absorb or prevent any vibration, noise or annoyance. Tenant shall not cause improper noises, vibrations, or odors within the Building.

27. Tenant shall not deposit any trash, refuse, cigarettes, or other substances of any kind within or outside of the Building and Property except in the refuse containers provided therefor. Tenant shall not introduce into the Building and Property any substance, which might add an undue burden to the cleaning

or maintenance of the Premises or the Building. Tenant shall exercise its best efforts to keep the sidewalks, entrances, passages, lobby areas, garages or parking areas, stairways, vestibules, public corridors and halls in and about the Building and Property clean and free from rubbish.

28. Tenant shall use the Common Areas only as a means of ingress and egress, and Tenant shall permit no loitering by any persons upon Common Areas or elsewhere within the Building. The Common Areas and roof of the Building are not for the use of the general public, and Landlord shall, in all cases, retain the right to control or prevent access thereto by all persons whose presence in the judgment of the Landlord shall be prejudicial to the safety, character, reputation or interests of the Building and its tenants. Tenant shall not enter the mechanical rooms, air conditioning rooms, electrical closets, or similar areas or go upon the roof of the Building without the express written consent of Landlord.

29. Landlord, its agents or representatives reserve the right to exclude or expel from the Building and Property any person, who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs or who shall in any manner, act in violation of the rules and regulations of the Building and Property.

30. Tenant shall not use the washrooms, restrooms and plumbing fixtures of the Building and appurtenances thereto, for any other purpose than the purposes for which they were constructed, and Tenant shall not deposit any sweepings, rubbish, rags or other improper substances therein. Tenant shall not waste water by interfering or tampering with the faucets or otherwise. If Tenant causes any damage to such washrooms, restrooms, plumbing fixtures or appurtenances, such damage shall be repaired at Tenant's expense and Landlord shall not be responsible therefor.

31. The sashes, sash doors, windows and doors, skylights and clerestory windows that reflect or admit light or air into the common areas of the Building shall not be covered or obstructed by Tenant, through placement of objects upon window sills or otherwise. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the cooling system of the Building by closing drapes and other window coverings when the sun's rays fall directly upon the windows of the Premises. Tenant shall not obstruct, alter or in any way impair the efficient operation of Landlord's heating, ventilating, air conditioning, electrical, fire, safety, or lighting systems, nor shall Tenant tamper with or change the setting of any thermostat or temperature control valves in the Building.

32. Subject to applicable fire or other safety regulations, all doors opening into Common Area and all doors upon the perimeter of the Premises shall be kept closed and, during non-business hours, locked, except when in use for ingress or egress. If Tenant uses the Premises after regular business hours or on non-business days, Tenant shall lock any entrance doors or gates to the Building, Property or to the Premises used by Tenant immediately after using such doors or gates.

33. Tenant shall not permit its employees or agents to smoke in any entrance, lobby, hallway, restroom or other public area within the Building. Smoking is permitted outside the Building but smokers are requested to use the ashtrays provided, not to congregate at the Building entrances, and to be considerate of non-smokers seeking fresh air outside the Building.

34. Tenant agrees that Landlord may reasonably amend, modify, delete or add new and additional rules and regulations to the use and care of the Premises and the Building and Property, provided such changes shall not unreasonably interfere with Tenant's use of the Premises for the allowed uses. Tenant agrees to comply with all such rules and regulations upon notice to Tenant from Landlord thereof. In the event of any breach of any rules and regulations herein set forth or any reasonable amendments, modifications or additions thereto. Landlord shall have all remedies in this Lease provided for in the event of default by Tenant.

Office Furnishings

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Table of Contents

2-Partner Office sets.....	2
2-Partner Office chairs	3
6-Paralegal and Associate workstations.....	3
1-4 drawer lateral files	3
2-HR/IT and OM/Acct. desks	4
8-Paralegal & Associate chairs & HR/IT and OM/Acct offices	4
2-Reception Area sofa and chair	5
2-Reception Area table sets.....	5
1-Reception desk and chair	6
6-Decorative plants	6
4-Client chairs for partner offices	6
Total Cost:.....	7

2-PARTNER OFFICE SETS:



VIA Bow Front Executive Desk **\$1,895/ea.** National Business Furniture, <http://bit.ly/19i5Fbq>.

This complete office grouping typifies the rich and dramatic styling of the Via Collection by Sauder. An attractive contemporary design on components is enhanced by the beautiful combination of classic cherry tops with soft black bases. Hard-gloss EverSheen(tm) surfaces are heat-, stain- and scratch-resistant to provide long lasting wear. The Via Executive Desk has an attractive bow-front shape and offers computer compatibility with surface grommets and wire management access underneath. A matching credenza with hutch is also designed for computer compatibility, and the hutch increases storage capacity with four hidden storage cabinets and four open cubbies. A fabric-covered bulletin board lends space for hanging memos and photos.

2-PARTNER OFFICE CHAIRS:



High-back executive leather chair, **\$249/ea**, National Business Furniture, <http://bit.ly/dfrQoX>.

6-PARALEGAL AND ASSOCIATE WORKSTATIONS:



Details: Designer workstations with natural maple worksurfaces and trim. Each station includes a file/file pedestal and a mobile box/file pedestal with seat top. **\$595 per workstation.** (Haworth Compose 6x7 workstations 20 available, <http://bit.ly/1btB50f>).

1-4 DRAWER LATERAL FILES:



Used Kimball lateral files, **\$250.00**, Desks Incorporated, <http://bit.ly/GA0hVs>.

2-HR/IT AND OM/ACCT. DESKS:



Reversible Corner Workcenter with Hutch, **\$489.99/ea**, 72 inches wide x 20 inches deep x 60 inches high, Overstock.com, <http://bit.ly/18PJOpM>.

8-PARALEGAL & ASSOCIATE CHAIRS & HR/IT AND OM/ACCT OFFICES:



Details: Full Function Task Chairs, <http://bit.ly/1bvDnZg>. **\$140/ea**.

2-RECEPTION AREA SOFA AND CHAIR:



Walsh sofa and chair, used,
\$399/ea. Cort Furniture,
<http://bit.ly/16Zcxnr>

2-RECEPTION AREA TABLE SETS:

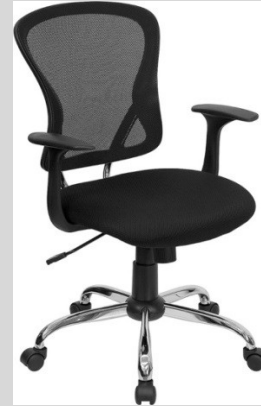


Eclipse Cocktail and 2 End
Tables **\$199.99/set,**
<http://bit.ly/1f071Zx>

1-RECEPTION DESK AND CHAIR:



Reception desk, E-Bay - used, **\$400.00**,
<http://bit.ly/154p4JI>



Office Chair,
Bizchair.com,
<http://bit.ly/1g0LMXE> -
\$99.

6-DECORATIVE PLANTS:



6-Golden Dieffenbachia Silk Plant,
24 inches high x 24 inches wide,
\$49.99/ea, Overstock.com,
<http://bit.ly/1c5c7nr>

4-CLIENT CHAIRS FOR PARTNER OFFICES:



Lee and Smith Contemporary Guest
Chair, **\$99/ea**, Overstock.com,
<http://bit.ly/16hDQh8>.

TOTAL COST:

2-Partner Office sets:	\$3,790.00
2-Partner Office chairs:	\$498.00
6-Paralegal and Associate workstations:	\$1,785.00
1-4 drawer lateral files:	\$250.00
2-HR/IT and OM/Acct. desks:	\$979.98
8-Paralegal and Associate chairs for workstations and HR/IT and OM/Acct offices	\$1,120.00
2-Reception Area sofa and chair:	\$399.00
2-Reception area table sets:	\$399.98
1-Reception desk and chair:	\$499.00
6-Decorative plants:	\$299.99
4-Client chairs for partner offices:	\$396.00
Estimated Shipping:	\$3,000.00
TOTAL	\$13,416.95

Technology

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Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

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Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Description ¹	Quantity	Unit Price	Cost
Internet, telephone, e-mail, fax, website, television, cloud service [Century Link Small Business]	Contract	N/A	\$320/m
Laptop computer [Thinkpad L430]	5	\$746.10	\$3730.50
Desktop computer [ThinkCentre M92z 20"]	6	\$879.00	\$5274.00
Monitor [ThinkVision LS2223 21.5"]	5	\$149.99	\$749.95
Keyboard [Lenovo Preferred Pro USB Keyboard]	5	\$30.00	\$150.00
Mouse [Lenovo USB Optical Mouse]	5	\$15.00	\$75.00
Laptop port [Port Replicator Series 3]	5	\$179.00	\$895.00
Printer [Lexmark MX310dn Multifunction Monochrome Printer]	8	\$382.86	\$3062.88
Projector [Viewsonic PJD6251 DLP Projector XGA 3700 Lumens]	1	\$969.99	\$969.99
Shredder [GoECOLife GMW 100P Limited Edition 10-Sheet Micro-Cut Shredder]	3	\$200.00	\$600.00
Postage [DP Link 10L]	1	\$24.95	\$24.95
Digital Recorder [Olympus Note Corder DP-201 Voice Recorder]	5	\$35.99	\$179.95
Time and Billing System [Tabs3]	N/A	\$6,630.00	\$6,630.00
Legal Research [WestlawNext]			per usage
Subtotal			\$22,342.22
Tax 2.90%			\$647.92
TOTAL			\$22,990.14

¹ Click on item for illustration

Century Link



Thinkpad L430



ThinkCentre M92z 20"



ThinkVision LS2223 21.5"



Lenovo Preferred Pro USB Keyboard



Lenovo USB Optical Mouse



Port Replicator Series 3



Lexmark MX310dn Multifunction
Monochrome Printer



Viewsonic PJD6251 DLP Projector XGA 3700
Lumens



GoECOLife GMW 100P Limited Edition
10-Sheet Micro-Cut Shredder



DP Link 10L



Olympus Note Corder DP-201 Voice
Recorder



Tabs3



WestlawNext



November 19, 2013

Positions and Justifications



Positions and Justifications

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

As an insurance defense firm, the Law Office of Crough & Schenck aims to provide excellent service at a competitive cost for its clients. Key in achieving this goal is the Firm's small but effective staff. The firm employs two senior partners, three junior/associate attorneys, one receptionist, three paralegals, one head of human resources who is also the firm's IT specialist, and one office administrator who also handles the firm's accounting. The specifics of each employee's duties are found below.

Table of Contents

Senior Partners.....	1
Junior/Associate Attorneys	2
Receptionist	2
Paralegals.....	2
Human Resources/IT	2
Office Administrator/Accountant.....	2

Senior Partners

David Crough and Gus Schenck are the firm's founding attorneys, making them the senior partners of the Law Office of Crough & Schenck. David and Gus handle the Firm's major cases and advise the junior attorneys on any questions they have. The senior attorneys also provide annual reviews of the junior associates to help them know the areas in which they excel, and those in which they need to work.

Junior/Associate Attorneys

The firm keeps three junior attorneys on staff. These attorneys assist the senior attorneys with legal research, document drafting, and they will occasionally travel to make court appearances for the senior attorneys. Junior associates also handle their own cases under the supervision of either David Crough or Gus Schenck. Junior associates are hired based on their academic achievements, experience, and references. At the end of each fiscal year, the senior attorneys will provide reviews of the junior associates and will decide whether to keep them on staff.

Receptionist

The Firm keeps one bilingual receptionist on staff. The receptionist's station is at the front of the office. He or she fields all incoming calls for the firm and transfers them to the attorneys' and paralegals' offices. He or she greets all clients that come into the office. The receptionist handles all incoming and outgoing mail. During the receptionist's lunch break one of the paralegals will be called upon to fill in as the receptionist.

Paralegals

The Firm employs three paralegals: one for each of the senior partners, and one shared by the three junior associates. The paralegals draft and file documents with the supervising attorney's permission, schedule trial dates, organize witnesses, retrieve records, talk to clients when the attorney is busy, and may be called upon to attend trial to assist an attorney.

Human Resources/IT

Nick Pitts is the Firm's head of HR and is the Firm's IT specialist. As the head of HR, Mr. Pitts is in charge of new hires, and must go through all of the new hire paperwork with them. Mr. Pitts handles requests for time off in conjunction with the office administrator. Mr. Pitts handles inter-office disputes and complaints, and he is in charge of maintaining a healthy office atmosphere. As the Firm's IT specialist, Mr. Pitts handles any technological issues, and manages the Firm's online presence.

Office Administrator/Accountant

Paul Murphy is the Firm's office administrator and accountant. As the office administrator he handles employee termination, and works with Mr. Pitts in handling requests for time off. Mr. Murphy is in charge of office equipment and office layout. Mr. Murphy makes sure that the office runs smoothly and effectively. As the firm's accountant Mr. Murphy handles the firm's taxes, and manages the firm's books.

November 19, 2013

Employee Handbook & Policies



EMPLOYEE HANDBOOK

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Contents

FOREWORD	3
DIVERSITY	5
• Equal Employment Opportunity Statement	5
• Anti-harassment Policy and Complaint Procedure	5
• Americans with Disabilities Act (ADA) & Amendments Act (ADAAA)	7
EMPLOYMENT	8
• Employee Classification Categories	8
• Background and Reference Checks	9
• Internal Transfers/Promotions	9
• Nepotism, Employment of Relatives and Personal Relationships	9
• Progressive Discipline	10
• Separation of Employment	11
WORKPLACE SAFETY	13
• Drug-Free Workplace	13
• Workplace Bullying	15
• Violence in the Workplace	15
• Safety	16
• Smoke-Free Workplace	17
WORKPLACE EXPECTATIONS	18
• Confidentiality	18
• Conflicts of Interest	18
• Outside Employment	18
• Attendance and Punctuality	19
• Attire and Grooming	19
• Electronic Communication and Internet Use	20
• Social Media—Acceptable Use	20
• Solicitations, Distributions and Posting of Materials	21

• Employee Personnel Files	21
• Green Policy	22
COMPENSATION	23
• Performance and Salary Reviews	23
• Payment of Wages	23
• Time Reporting	24
• Meal/Rest Periods	24
• Overtime Pay	24
• Employee Travel and Reimbursement	25
TIME OFF/LEAVES OF ABSENCE	26
• Holiday Pay	25
• Vacation	25
• Sick Leave	26
• Family and Medical Leave (FMLA)	26
• Personal Leave of Absence	30
• Bereavement Leave	31
• Jury Duty	31
• Voting Leave	32
• Military Leave of Absence	32
• Lactation/Breastfeeding	32
BENEFITS	34
• Healthcare	34
• Group Life Insurance	34
• Short-Term Disability Benefits	34
• Long-Term Disability Benefits	34
• 401(k) Plan	34
• Workers' Compensation Benefits	35
Positions and Justifications	36
• Senior Partners	36
• Junior/Associate Attorneys	36
• Receptionist	36
• Paralegals	36
• Human Resources/IT	36
• Office Administrator/Accountant	37
• Firm Mentoring Program	37

FOREWORD

Law Offices of Crough & Schenck provides highly skilled and cost-effective defense services to the auto insurance industry. We provide a work/life balance to our employees by limiting operations to regular workweek business hours. We are “tough but fair” advocates for our clients.

Whether you have just joined our staff or have been at Crough & Schenck for a while, we are confident that you will find our firm a dynamic and rewarding place in which to work, and we look forward to a productive and successful association. We consider the employees of Crough & Schenck to be one of its most valuable resources. This handbook serves as the guide for the employer/employee relationship.

There are several things to keep in mind about this handbook. First, it contains only general information and guidelines. It is not intended to be comprehensive or to address all the possible applications of, or exceptions to, the general policies and procedures described. For that reason, if you have any questions concerning eligibility for a particular benefit or the applicability of a policy or practice to you, please address your specific questions to Human Resource. Neither this handbook nor any other firm document confers any contractual right, either express or implied, to remain in the firm's employ. Nor does it guarantee any fixed terms and conditions of your employment. Your employment is not for any specific time and may be terminated at will with or without cause and without prior notice by the firm, or you may resign for any reason at any time. No supervisor or other representative of the firm (except the firm's partners) has the authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to the above.

The procedures, practices, policies, and benefits described here may be modified or discontinued from time to time. We will try to inform you of any changes as they occur.

This handbook and the information in it should be treated as confidential. No portion of this handbook should be disclosed to others, except Crough & Schenck employees and others affiliated with Crough & Schenck whose knowledge of the information is required in the normal course of business.

Some subjects described in this handbook are covered in detail in official policy documents. Refer to these documents for specific information because the handbook only briefly summarizes those guidelines and benefits. Please note that the terms of the written insurance policies are controlling and override any statements made in this or other documents.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT AND RECEIPT

I have received my copy of the Employee Handbook.

The employee handbook describes important information about Crough & Schenck, and I understand that I should consult my manager or Human Resources regarding any questions not answered in the handbook. I enter into my employment relationship with Crough & Schenck voluntarily and acknowledge that there is no specified length of employment. **Accordingly, either Crough & Schenck or I can terminate the relationship at will, with or without cause, at any time, so long as there is no violation of applicable federal or state law.**

I understand and agree that, other than the firm's partners, no manager, supervisor or representative of Crough & Schenck has any authority to enter into any agreement for employment other than at will; only the partners of the firm have the authority to make any such agreement and then only in writing signed by Mr. Crough and Mr. Schenck.

This handbook and the policies and procedures contained herein supersede any and all prior practices, oral or written representations, or statements regarding the terms and conditions of my employment with Crough & Schenck. By distributing this handbook, the firm expressly revokes any previous policies and procedures that are inconsistent with those contained herein.

I understand that, except for employment-at-will status, any policies and practices may be changed at any time by Crough & Schenck, and the firm reserves the right to change my hours, wages and working conditions at any time. All such changes will be communicated through official notices, and I understand that revised information may supersede, modify, or eliminate existing policies. Only the partners of Crough & Schenck have the ability to adopt any revisions to the policies in this handbook.

I understand and agree that nothing in the Employee Handbook creates, or is intended to create, a promise or representation of continued employment and that employment at Crough & Schenck is employment at will, which may be terminated at the will of either Crough & Schenck or myself. Furthermore, I acknowledge that this handbook is neither a contract of employment nor a legal document. I understand and agree that Crough & Schenck or I may terminate with or without cause and with or without notice employment and compensation at any time.

I have received the handbook, and I understand that it is my responsibility to read and comply with the policies contained in this handbook and any revisions made to it.

Employee's Signature

Employee's Name (Print)

Date

TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE

DIVERSITY

Equal Employment Opportunity Statement

Crough & Schenck provides equal employment opportunities (EEO) to all employees and applicants for employment without regard to race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, genetic information, marital status, amnesty or status as a covered veteran in accordance with applicable federal, state and local laws. Crough & Schenck complies with applicable state and local laws governing nondiscrimination in employment in every location in which the firm has facilities. This policy applies to all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation, and training.

Crough & Schenck expressly prohibits any form of unlawful employee harassment based on race, color, religion, gender, sexual orientation, national origin, age, genetic information, disability, or veteran status. Improper interference with the ability of Crough & Schenck employees to perform their expected job duties will not be tolerated.

Crough & Schenck's Anti-harassment Policy and Complaint Procedure

Crough & Schenck is committed to a work environment that treats all individuals with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Therefore, Crough & Schenck expects that all relationships among persons in the office will be business-like and free of bias, prejudice, and harassment.

It is the policy of Crough & Schenck to ensure equal employment opportunity without discrimination or harassment based on race, color, religion, gender, sexual orientation, gender identity, national origin, age, disability, genetic information, marital status, amnesty or status as a covered veteran. Crough & Schenck prohibits any such discrimination or harassment.

Crough & Schenck encourages reporting of all perceived incidents of discrimination or harassment. It is the policy of Crough & Schenck to investigate such reports promptly and thoroughly. Crough & Schenck prohibits retaliation against any individual who reports discrimination or harassment or who participates in an investigation of such reports.

Definitions of Harassment

Sexual harassment constitutes discrimination and is illegal under federal, state, and local laws. For the purposes of this policy, sexual harassment is defined as in the Equal Employment Opportunity Commission Guidelines as:

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, or
- Submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual, or
- Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

For complete treatment on the subject of sexual harassment, please visit the EEOC's webpage on sexual harassment at http://www.eeoc.gov/laws/types/sexual_harassment.cfm.

Individuals and Conduct Covered

These policies apply to all applicants and employees, whether related to conduct engaged in by fellow employees or someone not directly connected to Crough & Schenck (e.g., an outside vendor, consultant, or client).

Conduct prohibited by these policies is unacceptable in the workplace and in any work-related setting outside the workplace, such as during business trips, business meetings and business-related social events.

Complaint Process

Individuals who believe they have been the victims of conduct prohibited by this policy statement or who believe they have witnessed such conduct should discuss their concerns with their immediate supervisor, Human Resources or any member of management.

When possible, Crough & Schenck encourages individuals subjected to such conduct to promptly advise the offender that his or her behavior is unwelcome and request that it stop. Often this action alone will resolve the problem. Crough & Schenck recognizes, however, that an individual may prefer to pursue the matter through complaint procedures.

Crough & Schenck encourages the prompt reporting of complaints or concerns to allow rapid and constructive action be taken before relationships become irreparably strained. Therefore, although no fixed reporting period has been established, early reporting and intervention have proven to be the most effective method of resolving actual or perceived incidents of harassment.

Any reported allegations of harassment, discrimination, or retaliation are investigated promptly. The investigation may include individual interviews with the parties involved and, where necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.

Confidentiality is maintained throughout the investigatory process to the extent consistent with adequate investigation and appropriate corrective action.

Retaliation against an individual for reporting harassment or discrimination or for participating in an investigation of a claim of harassment or discrimination is a serious violation of this policy and, like harassment or discrimination itself, will be subject to disciplinary action. Acts of retaliation should be reported immediately and will be promptly investigated and addressed. Misconduct constituting harassment, discrimination, or retaliation will be dealt with appropriately.

If a party to a complaint does not agree with its resolution, that party may appeal to Crough & Schenck's Human Resources.

False and malicious complaints of harassment, discrimination, or retaliation may be the subject of appropriate disciplinary action.

AMERICANS WITH DISABILITIES ACT (ADA) AND THE ADA AMENDMENTS ACT (ADAAA)

The Americans with Disabilities Act (ADA) and the Americans with Disabilities Amendments Act, known as the ADAAA, are federal laws that prohibit employers with 15 or more employees from discriminating against applicants and individuals with disabilities. When needed, Crough & Schenck provides reasonable accommodations to applicants and employees who are qualified for a job, with or without reasonable accommodations, so that they may perform the essential job duties of the position.

It is the policy of Crough & Schenck to comply with all federal and state laws concerning the employment of persons with disabilities and to act in accordance with regulations and guidance issued by the Equal Employment Opportunity Commission (EEOC). Furthermore, it is our firm policy not to discriminate against qualified individuals with disabilities regarding application procedures, hiring, advancement, discharge, compensation, training or other terms, conditions and privileges of employment.

The firm will reasonably accommodate qualified individuals with a disability so that they can perform the essential functions of a job unless doing so causes a direct threat to these individuals or others in the workplace and the threat cannot be eliminated by reasonable accommodation and/or if the accommodation creates an undue hardship to Crough & Schenck. Contact Human Resources with any questions or requests for accommodation.

EMPLOYMENT

Employee Classification Categories

All employees are designated as either nonexempt or exempt under state and federal wage and hour laws. The following is intended to help employees understand employment classifications and employees' employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time. The right to terminate the employment-at-will relationship at any time is retained by both the employee and Crough & Schenck.

Nonexempt employees are employees whose work is covered by the Fair Labor Standards Act (FLSA). They are NOT exempt from the law's requirements concerning minimum wage and overtime.

Exempt employees are generally managers or professional, administrative, or technical staff who ARE exempt from the minimum wage and overtime provisions of the FLSA. Exempt employees hold jobs that meet the standards and criteria established under the FLSA by the U.S. Department of Labor.

Crough & Schenck has established the following categories for both nonexempt and exempt employees:

- **Regular, full time:** Employees who are not in a temporary status and who are regularly scheduled to work the firm's full-time schedule of 37.5 hours per week. Generally, these employees are eligible for the full benefits package, subject to the terms, conditions and limitations of each benefits program.
- **Regular, part time:** Employees who are not in a temporary status and who are regularly scheduled to work less than the full-time schedule but at least 20 hours each week. Regular, part-time employees are eligible for some of the benefits offered by the firm subject to the terms, conditions and limitations of each benefits program.
- **Temporary, full time:** Employees hired as interim replacements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work the firm's full-time schedule for a limited duration. Employment beyond any initially stated period does not imply a change in employment status.
- **Temporary, part time:** Employees who are hired as interim replacements to temporarily supplement the workforce or to assist in the completion of a specific project and who are temporarily scheduled to work less than the firm's full-time schedule for a limited duration. Employment beyond any initially stated period does not imply a change in employment status.

Temporary workers are not eligible for firm benefits unless specifically stated otherwise in firm policy or are deemed eligible according to plan documents.

Background and Reference Checks

To ensure that individuals who join Crough & Schenck are well qualified and that Crough & Schenck maintains a safe and productive work environment, it is our policy to conduct pre-employment background checks on all applicants who accept an offer of employment. Background checks may include verification of any information on the applicant's resume or application form.

All offers of employment are conditioned on receipt of a background check report that is acceptable to Crough & Schenck. All background checks are conducted in conformity with the Federal Fair Credit Reporting Act, the Americans with Disabilities Act, and state and federal privacy and antidiscrimination laws. Reports are confidential and viewed by individuals involved in the hiring process.

If information obtained in a background check would lead Crough & Schenck to deny employment, a copy of the report will be provided to the applicant, and the applicant will have the opportunity to dispute the report's accuracy. Background checks may include a criminal record check, although a criminal conviction does not automatically bar an applicant from employment.

Additional checks such as a driving record or credit report may be made on applicants for particular job categories if appropriate and job related.

Crough & Schenck also reserves the right to conduct a background check for current employees to determine eligibility for promotion or reassignment in the same manner as described above.

Internal Transfers/Promotions

Employees with more than twelve months of service may request consideration to transfer to other jobs as vacancies become available. They will be considered along with other applicants. At the same time, the firm may initiate transfers of employees between departments and facilities to meet specified work requirements and reassignment of work requirements.

Crough & Schenck offers employees promotions to higher-level positions when appropriate. Management prefers to promote from within and may first consider current employees with the necessary qualifications and skills to fill vacancies above the entry level, unless outside recruitment is considered to be in the firm's best interest.

To be considered, employees must have held their current position for at least 12 months, have a satisfactory performance record and have no disciplinary actions during the last 12 months. Management retains the discretion to make exceptions to the policy.

Nepotism, Employment of Relatives and Personal Relationships

Crough & Schenck wants to ensure that corporate practices do not create situations such as conflict of interest or favoritism. This extends to practices that involve employee hiring, promotion and transfer. Close relatives, partners, those in a dating relationship or members of the same household are not permitted to be in positions that have a reporting responsibility to each other. Close relatives are defined as husband, wife, domestic partner, father, mother, father-in-law, mother-in law, grandfather, grandmother, son, son-in-law, daughter, daughter-in law, uncle, aunt, nephew, niece, brother, sister, brother-in-law, sister-in-law, step relatives, cousins and domestic partner relatives.

If employees begin a dating relationship or become relatives, partners or members of the same household, and if one party is in a supervisory position, that person is required to inform management and Human Resources of the relationship.

Crough & Schenck reserves the right to apply this policy to situations where there is a conflict or the potential for conflict because of the relationship between employees, even if there is no direct-reporting relationship or authority involved.

Progressive Discipline

Every employee has the duty and the responsibility to be aware of and abide by existing rules and policies. Each employee also has the responsibility to perform his/her duties to the best of his/her ability and to the standards as set forth in his/her job description or as otherwise established.

Crough & Schenck supports the use of progressive discipline to address issues such as poor work performance or misconduct. Our progressive discipline policy seeks to provide a corrective action process to improve and prevent a recurrence of undesirable behavior and/or performance issues. Our progressive discipline policy strives for consistency with our organizational values, HR best practices, and employment laws.

Outlined below are the steps of our progressive discipline policy and procedure. Crough & Schenck reserves the right to combine or skip steps in this process depending on the facts of each situation and the nature of the offense. The level of disciplinary intervention may also vary. Some of the factors considered are whether the offense is repeated despite coaching, counseling, and/or training; the employee's work record; and the impact the conduct and performance issues have on our organization.

The following outlines Crough & Schenck's progressive discipline process:

- **Verbal warning:** A supervisor verbally counsels an employee about an issue of concern, and a written record of the discussion is placed in the employee's file for future reference.
- **Written warning:** Written warnings are used for behavior or violations that a supervisor considers serious or in situations when a verbal warning has not helped change unacceptable behavior. Written warnings are placed in an employee's personnel file. Employees should recognize the grave nature of the written warning.
- **Performance improvement plan:** When an employee has been involved in a disciplinary situation that has not been readily resolved, or when he/she has demonstrated an inability to perform assigned work responsibilities efficiently, the employee may receive a final warning or be placed on a performance improvement plan (PIP). PIP status will last for a predetermined amount of time not to exceed 90 days. Within this time period, the employee must demonstrate a willingness and ability to meet and maintain the conduct and/or work requirements as specified by the supervisor and the organization. At the end of the performance improvement period, the performance improvement plan may be closed or, if established goals are not met, dismissal may occur.

Crough & Schenck reserves the right to determine the appropriate level of discipline for any inappropriate conduct, including oral and written warnings, suspension with or without pay, demotion, and discharge.

Separation of Employment

Separation of employment within an organization can occur for several different reasons.

- **Resignation:** Although we hope your employment with us will be a mutually rewarding experience, we understand that varying circumstances cause employees voluntarily to resign employment. Resigning employees are encouraged to provide two weeks' notice, preferably in writing, to facilitate a smooth transition out of the organization. Management reserves the right to provide an employee with two weeks' pay in lieu of notice in situations where job or business needs warrant such action. If an employee provides less notice than requested, the employer may deem the individual ineligible for rehire depending on the circumstances regarding the notice given.
- **Retirement:** Employees who wish to retire are required to notify their department director and the Human Resources in writing at least one (1) month before the planned retirement date.

It is the practice of Crough & Schenck to give special recognition to employees at the time of their retirement. Recipient with five (5) or more years with Crough & Schenck are eligible for a retirement gift. The amount provided for the gift is \$100 per year, based on the employee's uninterrupted full-time service.

- **Job abandonment:** Employees who fail to report to work or contact their supervisor for three (3) consecutive workdays are considered to have abandoned the job without notice, effective at the end of their normal shift on the third day. The supervisor shall notify the Human Resource department at the expiration of the third workday and initiate the paperwork to terminate the employee. Employees who are separated due to job abandonment are ineligible to receive accrued benefits and are ineligible for rehire.
- **Termination:** Employees of Crough & Schenck are employed on an at-will basis, and the firm retains the right to terminate an employee at any time.

Return of Firm Property

The separating employee must return all firm property at the time of separation, including uniforms, cell phones, keys, PCs and identification cards. Failure to return some items may result in deductions from the final paycheck. An employee will be required to sign the Wage Deduction Authorization Agreement to deduct the costs of such items from the final paycheck.

The separating employee shall contact the Human Resources as soon as notice is given to schedule an exit interview. The interview will be on the employee's last day of work or another day, as mutually agreed on.

Accrued vacation leave is paid in the last paycheck unless the employee resigned and did not give and work a full two weeks' notice

Health insurance terminates the last day of the month of employment, unless an employee requests immediate termination of benefits. Information for Consolidated Omnibus Budget Reconciliation (COBRA) continued health coverage will be provided. Employees will be required to pay their share of the dependent health and dental premiums through the end of the month.

Rehire

Former employees who left Crough & Schenck in good standing and classified as eligible for rehire may be considered for reemployment. An application must be submitted to the Human Resources, and the applicant must meet all minimum qualifications and requirements of the position, including any qualifying exam, when required.

Supervisors must obtain approval from the Human Resource director or designee prior to rehiring a former employee. Rehired employees begin benefits just as any other new employee. Consideration of previous tenure goes toward calculating longevity, leave accruals, or any other benefits.

An applicant or employee terminated for violating policy or who resigned in lieu of termination from employment due to a policy violation will be ineligible for rehire.

WORKPLACE SAFETY

Drug-Free Workplace

Crough & Schenck is committed to providing a safe and productive work environment. Alcohol and drug abuse pose a threat to the health and safety of employees and to the security of our equipment and facilities. For these reasons, Crough & Schenck is committed to the elimination of drug and/or alcohol use and abuse in the workplace.

This policy outlines the practice and procedure designed to correct instances of identified alcohol and/or drug use in the workplace. This policy applies to all employees and all applicants for employment of Crough & Schenck. Human Resources is responsible for policy administration.

Employee Assistance and Drug-Free Awareness

Illegal drug use and alcohol misuse have a number of adverse health and safety consequences. Information about those consequences and sources of help for drug/alcohol problems is available from Human Resources, and Mr. Pitts is trained to make referrals and assist employees with drug/alcohol problems.

Crough & Schenck will assist and support employees who voluntarily seek help for such problems before becoming subject to discipline and/or termination under this or other policies. Such employees may be allowed to use accrued paid time off, placed on leaves of absence, referred to treatment providers, and otherwise accommodated as required by law. Such employees may be required to document that they are successfully following prescribed treatment and to take and pass follow-up tests if they hold jobs that are safety sensitive or that require driving or if they have violated this policy previously.

Employees should report to work fit for duty and free of any adverse effects of illegal drugs or alcohol. This policy does not prohibit employees from the lawful use and possession of prescribed medications. Employees must consult with their doctors about the medications' effect on their fitness for duty and ability to work safely and promptly disclose any work restrictions to their supervisor. Employees should not disclose underlying medical conditions unless directed to do so.

Work Rules

The following work rules apply to all employees:

- Whenever employees are working, are operating any firm vehicle, are present on firm premises, or are conducting related work off-site, they are prohibited from:
 - Using, possessing, buying, selling, manufacturing, or dispensing an illegal drug (to include possession of drug paraphernalia).
 - Being under the influence of alcohol or an illegal drug as defined in this policy.
- The presence of any detectable amount of any illegal drug or illegal controlled substance in an employee's body while performing firm business or while in a firm facility is prohibited.
- Crough & Schenck will not allow any employee to perform their duties while taking prescribed drugs that are adversely affecting the employee's ability to safely and effectively perform their job duties. Employees taking a prescribed medication must carry it in the container labeled by a licensed pharmacist or be prepared to produce it if asked.

- Any illegal drugs or drug paraphernalia will be turned over to an appropriate law enforcement agency and may result in criminal prosecution.

Required Testing

The firm retains the right to require the following tests:

- **Pre-employment:** All applicants must pass a drug test before beginning work or receiving an offer of employment. Refusal to submit to testing will result in disqualification of further employment consideration.
- **Reasonable suspicion:** Employees are subject to testing based on observations by a supervisor of apparent workplace use, possession, or impairment. Human Resources must be consulted before sending an employee for reasonable suspicion testing.
- **Post-accident:** Employees are subject to testing when they cause or contribute to accidents that seriously damage a firm vehicle, machinery, equipment or property and/or result in an injury to themselves or another employee requiring off-site medical attention. In any of these instances, the investigation and subsequent testing must take place within two (2) hours following the accident, if not sooner.
- **Follow-up:** Employees who have tested positive, or otherwise violated this policy, are subject to discipline up to and including discharge. Depending on the circumstances and the employee's work history/record, Crough & Schenck may offer an employee who violates this policy or tests positive the opportunity to return to work on a last-chance basis pursuant to mutually agreeable terms. These terms could include follow-up drug testing at times and frequencies for a minimum of one (1) year but not more than two (2) years. If the employee either does not complete his/her rehabilitation program or tests positive after completing the rehabilitation program, he/she will be subject to immediate discharge from employment.

Consequences

Applicants who refuse to cooperate in a drug test or who test positive will not be hired. Employees who refuse to cooperate in required tests or who use, possess, buy, sell, manufacture, or dispense an illegal drug in violation of this policy will be terminated. The first time an employee tests positive for alcohol or illegal drug use under this policy, the result will be discipline up to and including discharge.

Employees will be paid for time spent in alcohol/drug testing and then suspended pending the results of the drug/alcohol test. After receipt of the results, a date/time will be scheduled to discuss the results of the test; this meeting will include a member of management and Human Resources. Should the results prove negative, the employee will receive back pay for the times/days of suspension.

Confidentiality

Information and records relating to positive test results, drug and alcohol dependencies, and legitimate medical explanations provided to the medical review officer (MRO) shall be kept confidential to the extent required by law and maintained in secure files separate from normal personnel files.

Inspections

Crough & Schenck reserves the right to inspect all portions of its premises for drugs, alcohol, or other contraband. All employees, contract employees and visitors may be asked to cooperate in inspections of their persons, work areas and property that might conceal a drug, alcohol or other contraband. Employees who possess such contraband or refuse to cooperate in such inspections are subject to appropriate discipline up to and including discharge.

Crimes Involving Drugs

Crough & Schenck prohibits all employees from manufacturing, distributing, dispensing, possessing, or using an illegal drug in or on firm premises or while conducting firm business. Employees are also prohibited from misusing legally prescribed or over-the-counter (OTC) drugs. Law enforcement personnel shall be notified, as appropriate, when criminal activity is suspected.

Workplace Bullying

Crough & Schenck defines bullying as “repeated inappropriate behavior, either direct or indirect, whether verbal, physical, or otherwise, conducted by one or more persons against another or others, at the place of work and/or in the course of employment.” Such behavior violates the firm Code of Ethics, which clearly states that all employees will be treated with dignity and respect.

The purpose of this policy is to communicate to all employees, including supervisors, managers, and executives, that the firm will not tolerate bullying behavior. Employees found in violation of this policy will be disciplined up to and including termination.

Bullying may be intentional or unintentional. However, where an allegation of bullying is made, the intention of the alleged bully is irrelevant and will not be given consideration when meting out discipline. As in sexual harassment, what is important is the effect of the behavior upon the individual. Crough & Schenck considers the following types of behavior examples of bullying:

- **Verbal bullying:** Slandering, ridiculing or maligning a person or his/her family; persistent name calling that is hurtful, insulting or humiliating; using a person as the butt of jokes; abusive and offensive remarks.
- **Physical bullying:** Pushing, shoving, kicking, poking, tripping, assault or threat of physical assault; damage to a person's work area or property.
- **Gesture bullying:** Nonverbal threatening gestures or glances that convey threatening messages.
- **Exclusion:** Socially or physically excluding or disregarding a person in work-related activities.

Violence in the Workplace

All employees, clients, vendors, and business associates must be treated with courtesy and respect at all times. Employees are expected to refrain from conduct that may be dangerous to others.

Conduct that threatens, intimidates or coerces another employee, client, vendor or business associate will not be tolerated. Crough & Schenck resources may not be used to threaten, stalk or harass anyone at the

workplace or outside the workplace. Crough & Schenck treats threats coming from an abusive personal relationship as it does other forms of violence.

Report all indirect or direct threats of violence, incidents of actual violence, and suspicious individuals or activities as soon as possible to a supervisor, security personnel, Human Resources, or any member of senior management. When reporting a threat or incident of violence, the employee should be as specific and detailed as possible. Employees should not place themselves in peril, nor should they attempt to intercede during an incident.

Employees should promptly inform the Human Resources of any protective or restraining order that they have obtained that lists the workplace as a protected area. Employees are encouraged to report safety concerns with regard to intimate partner violence. Crough & Schenck will not retaliate against employees making good-faith reports. Crough & Schenck is committed to supporting victims of intimate partner violence by providing referrals to community resources and providing time off for reasons related to intimate partner violence.

Crough & Schenck promptly and thoroughly investigates all reports of threats of violence or incidents of actual violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as possible. Crough & Schenck will not retaliate against employees making good-faith reports of violence, threats or suspicious individuals or activities. In order to maintain workplace safety and the integrity of its investigation, Crough & Schenck may suspend employees suspected of workplace violence or threats of violence, either with or without pay, pending investigation.

Anyone found to be responsible for threats of or actual violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including termination of employment.

Crough & Schenck encourages employees to bring their disputes to the attention of their supervisors or Human Resources before the situation escalates. Crough & Schenck will not discipline employees for raising such concerns.

Safety

It is the responsibility of each employee to conduct all tasks in a safe and efficient manner complying with all local, state, and federal safety and health regulations and program standards, and with any special safety concerns for use in a particular area or with a client.

Although most safety regulations are consistent throughout each department and program, each employee has the responsibility to identify and familiarize her/himself with the emergency plan for his/her working area. Each facility shall have posted an emergency plan detailing procedures in handling emergencies such as fire, weather-related events, and medical crises.

It is the responsibility of the employee to complete an Accident and Incident Report for each safety and health infraction that occurs by an employee or that the employee witnesses. Failure to report such an infraction may result in employee disciplinary action, including termination.

Furthermore, management requires that every person in the organization assumes the responsibility of individual and organizational safety. Failure to follow firm safety and health guidelines or engaging in

conduct that places the employee, client or firm property at risk can lead to employee disciplinary action and/or termination.

The Health and Safety Committee and the safety director shall have the responsibility to develop and the authority to implement the safety and health program in the interest of a safer work environment.

Smoke-Free Workplace

Crough & Schenck prohibits smoking on all firm premises in accordance with the Colorado Clean Indoor Air Act (C.R.S.A. § 25-14-204).

The smoke-free workplace policy applies to:

- All areas of firm buildings.
- All firm-sponsored off-site conferences and meetings.
- All vehicles owned or leased by the firm.
- All visitors (clients and vendors) to the firm premises.
- All contractors and consultants and/or their employees working on the firm premises.
- All employees, temporary employees and student interns.

Smoking is permitted in parking lots only.

Employees who violate the smoking policy will be subject to disciplinary action up to and including immediate discharge.

WORKPLACE EXPECTATIONS

Confidentiality

Our clients and other parties with whom we do business entrust the firm with important information relating to their businesses and affairs. It is our policy that all information considered confidential will not be disclosed to external parties or to employees without a “need to know.” If an employee questions whether certain information is considered confidential, he/she should first check with his/her immediate supervisor.

This policy alerts employees to the need for discretion at all times and is not intended to inhibit normal business communications.

All inquiries from the media must be referred to Paul Murphy, MSLA, Office Management.

Conflicts of Interest

Employees must avoid any relationship or activity that might impair, or even appear to impair, their ability to make objective and fair decisions when performing their jobs. At times, an employee may be faced with situations in which business actions taken on behalf of Crough & Schenck may conflict with the employee’s own personal interests. Firm property, information, or business opportunities may not be used for personal gain.

Conflicts of interest could arise in the following circumstances:

- Being employed by, or acting as a consultant to, a competitor or potential competitor, a former or current client, or a former or current vendor, regardless of the nature of the employment, while employed with Crough & Schenck.
- Hiring or supervising family members or closely related persons.
- Serving as a board member for an outside commercial firm or organization.
- Owning or having a substantial interest in a competitor, vendor, or client.
- Accepting gifts, discounts, favors or services from a client/potential client, competitor or vendor, unless equally available to all firm employees.

Employees with a conflict-of-interest question should seek advice from management. Before engaging in any activity, transaction, or relationship that might give rise to a conflict of interest, employees must seek review from their manager or the Human Resource department.

Outside Employment

Employees are permitted to engage in outside work or to hold other jobs, subject to certain restrictions as outlined below.

Activities and conduct away from the job must not compete with, conflict with, compromise the firm interests, or adversely affect job performance and the ability to fulfill all job responsibilities. Employees are prohibited from performing any services for clients on nonworking time that are normally performed by Crough & Schenck. This prohibition also extends to the unauthorized use of any firm tools or equipment and the unauthorized use or application of any confidential information. In addition, employees are not to solicit or conduct any outside business during paid working time.

Employees are cautioned to carefully consider the demands that additional work activity will create before accepting outside employment. Outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel or refusal to work overtime or different hours. If Crough & Schenck determines that an employee's outside work interferes with performance, the employee may be asked to terminate the outside employment.

Employees who have accepted outside employment may not use paid sick leave to work on the outside job. Fraudulent use of sick leave will result in disciplinary action up to and including termination.

Attendance and Punctuality

Vacation and holidays must be scheduled with one's supervisor in advance. Sick leave may be used in the case of emergency or sudden illness without prior scheduling. Patterns of absenteeism or tardiness may result in discipline even if the employee has not yet exhausted available paid time off. Absences due to illnesses or injuries that qualify under the Family and Medical Leave Act (FMLA) will not be counted against an employee's attendance record. Medical documentation within the guidelines of the FMLA may be required in these instances.

Not reporting to work and not calling to report the absence is a no-call/no-show and is a serious matter. The first instance of a no call/no show will result in a final written warning. The second separate offense may result in termination of employment with no additional disciplinary steps. **A no call/no show lasting three days may be considered job abandonment and may be deemed an employee's voluntary resignation of employment.**

Attire and Grooming

It is important for all employees to project a professional image while at work. Crough & Schenck promotes a relaxed atmosphere and expects employees to be neat, clean, and well-groomed while on the job. Clothing must be consistent with the standards for a relaxed business environment and must be appropriate to the type of work being performed.

Crough & Schenck is confident that employees will use their best judgment regarding attire and appearance. Management reserves the right to determine appropriateness. Any employee who is improperly dressed will be counseled or in severe cases may be sent home to change clothes. Continued disregard of this policy may be cause for disciplinary action, which may result in termination.

Electronic Communication and Internet Use

The following guidelines have been established for using the Internet, firm-provided cell phones, and e-mail in an appropriate, ethical and professional manner:

- Internet, firm-provided equipment (e.g., cell phone, laptops, and computers), and services may not be used for transmitting, retrieving, or storing any communications of a defamatory, discriminatory, harassing or pornographic nature.
- The following actions are forbidden:
 - using disparaging, abusive, profane or offensive language;
 - creating, viewing or displaying materials that might adversely or negatively reflect upon Crough & Schenck or be contrary to Crough & Schenck's best interests; and
 - engaging in any illegal activities, including piracy, cracking, extortion, blackmail, copyright infringement, and unauthorized access of any computers and firm-provided equipment such as cell phones and laptops.
- Employees may not copy, retrieve, modify, or forward firm materials, except with permission or as a single copy to reference only.
- Employees must not use the system in a way that disrupts its use by others. Employees must not send or receive large files that could be saved/transferred via thumb drives. Employees are prohibited from sending or receiving files that are not related to work.
- Employees should not open suspicious e-mails, pop-ups, or downloads. Contact Office Management with any questions or concerns to reduce the release of viruses or to contain viruses immediately.
- Internal and external e-mails are business records and may be subject to discovery in the event of litigation. Be aware of this possibility when sending e-mail within and outside the firm. In the event of a litigation hold, cease any deletion or destruction of all documents -- electronic or otherwise. Employees will be notified by Office Management how to proceed with retention policies.

Right to Monitor

All firm-supplied technology and firm-related work records belong to the firm and not to the employee. Crough & Schenck routinely monitors use of firm-supplied technology. Inappropriate or illegal use or communications may be subject to disciplinary action up to and including termination of employment.

Social Media—Acceptable Use

Below are guidelines for social media use.

Employees may not post financial, confidential, sensitive, or proprietary information about the firm, clients, employees, or applicants.

Employees may not post obscenities, slurs, or personal attacks that can damage the reputation of the firm, clients, employees, or applicants.

When posting on social media sites, employees must use the following disclaimer when discussing job-related matters, *“The opinions expressed on this site are my own and do not necessarily represent the views of Crough & Schenck.”*

Crough & Schenck may monitor content out on the Internet. Policy violations may result in discipline up to and including termination of employment.

Solicitations, Distributions and Posting of Materials

Crough & Schenck prohibits the solicitation, distribution and posting of materials on or at firm property by any employee or nonemployee, except as permitted by this policy. The sole exceptions to this policy are charitable and community activities supported by Crough & Schenck management and firm-sponsored programs related to Crough & Schenck’s products and services.

Provisions:

- Nonemployees may not solicit employees or distribute literature of any kind on firm premises at any time.
- Employees may only admit nonemployees to work areas with management approval or as part of a firm-sponsored program. These visits should not disrupt workflow. An employee must accompany the nonemployee at all times. Former employees are not permitted onto firm property except for official firm business.
- Employees may not solicit other employees during work times, except in connection with a firm-approved or sponsored event.
- Employees may not distribute literature of any kind during work times or in any work area at any time, except in connection with a firm-sponsored event
- The posting of materials or electronic announcements are permitted with approval from Human Resources.

Report violations of this policy to Human Resources.

Employee Personnel Files

Human Resources maintain Employee files. All Employee files are confidential. Managers and supervisors may only have access to personnel file information on a need-to-know basis.

A manager or supervisor considering the hire of a former employee or transfer of a current employee may be granted access to the file, or limited parts of it, in accordance with anti-discrimination laws.

Personnel file access by current employees and former employees upon request generally will be permitted within three days of the request unless otherwise required under state law. Personnel files are to be reviewed in the Human Resources office. Personnel files may not be taken outside the office.

Representatives of government or law enforcement agencies, in the course of their duties, may be allowed access to file information.

Green Policy

Crough & Schenck will identify, recommend, and use as many environmentally responsible practices as possible and feasible for the Firm. These practices should include, but are not limited to, waste management, recycling, energy use, use of renewable resources, and conservation of nonrenewable resources. Crough & Schenck agrees to provide and/or implement the following at no additional charge to the Firm:

- Recycling program (materials to be recycled: paper, plastic, glass, aluminum cans, cardboard, and grease);
- Recycling containers in common areas;
- Consumable amenities will not be replaced daily unless they are gone;
- Use of glass or china (nondisposable) catering plates, cups, and glasses;
 - No Styrofoam used;
 - Condiments (including sugar, cream, butter, cream cheese, etc.) served in bulk containers, not individual servings;
 - Shade-grown coffee served at conference functions;
 - Cloth napkins used when possible; coasters used instead of cocktail napkins;
 - Use of cleaning products that do not introduce toxins into the air or water.

COMPENSATION

Performance and Salary Review

Performance appraisals are conducted on an annual cycle. Employees will receive a performance review on the established date each year. The performance appraisal will be discussed, and both the employee and manager will sign the form to ensure that all strengths, areas for improvement and job goals for the next review period have been clearly communicated. Performance evaluation forms will be retained in the employee's personnel file.

Merit increases are based on firm performance and financials and are not guaranteed. A performance review does not always result in an automatic salary increase. The employee's overall performance and salary level relative to his/her position responsibilities are evaluated to determine if a salary increase would be warranted.

Planning and allocation for budget allocations for merit increases take place before the start of each calendar year. The annual salary increase program assists management in planning and allocating merit and promotional increases that reward individual performance, that are market competitive and that are internally equitable.

Occasionally salary adjustments are requested or warranted at times other than the employee's scheduled annual salary reviews. HR and the firm partners must preapprove out-of-cycle salary increases. Human Resources will review all salary increase/adjustment requests to ensure internal equity and compliance with firm policies and guidelines.

Payment of Wages

Salary payment is made biweekly for base salary due up to the pay date.

Paydays are usually biweekly on every other Friday.

Overtime payment, which is included with the nonexempt employee's base salary payment, is also paid biweekly with such payment covering hours worked in the prior biweekly period.

Employee paychecks are given personally to that employee.

If the normal payday falls on a firm-recognized holiday, paychecks will be distributed one workday before the aforementioned schedule.

Employees are paid by check or through direct deposit of funds to either a savings or checking account at the financial institution of their choice.

In the event of a lost paycheck, Human Resources must be notified in writing as soon as possible and before a replacement check can be issued. In the event the lost paycheck is recovered and the firm identifies the endorsement as that of the employee, the employee must remit the amount of the replacement check to the firm within 24 hours of the time it is demanded.

If an employee's marital status changes or the number of exemptions previously claimed increases or decreases, a new Form W-4 must be submitted to Human Resources.

Except for extreme emergencies and vacation pay, no salary advances will be made.

Time Reporting

A work hour is any hour of the day that is worked and should be recorded to the nearest tenth of an hour. The workday is the 24-hour period starting at 12:00 a.m. and ending at 11:59 p.m. The workweek covers seven consecutive days beginning on Sunday and ending on Saturday. The usual workweek period is 40 hours.

Overtime is hours worked by an hourly or nonexempt employee in excess of 40 hours in a workweek and should be recorded to the nearest tenth of an hour. Overtime must be approved in advance by the manager to whom the employee reports.

Employees will submit their time record weekly as directed by their manager. Each employee is to maintain an accurate daily record of his or her hours worked. Appropriately record all absences from work schedules.

Meal/Rest Periods

The scheduling of meal periods at Crough & Schenk is set by the employee's immediate supervisor with the goal of providing the least possible disruption to firm operations.

Mandatory Meal Period

Employee meal periods are important to firm productivity and employee health. Employees who work at least five (5) consecutive hours are provided a meal break not to exceed 60 minutes. The meal period will not be included in the total hours of work per day and is not compensable. Nonexempt employees are to be completely relieved of all job duties while on meal breaks and must clock out for meal periods.

Rest Breaks

Salaried employees, may choose to take breaks as needed. Nonexempt employees are permitted a 15-minute rest break for each four (4) hours of work. Nonexempt employees on rest breaks are not required to clock in and clock out because this time is considered "time worked" and is compensable.

Impermissible Use of Meal Period and/or Rest Breaks

Neither the lunch period nor the rest break(s) may be used to account for an employee's late arrival or early departure or to cover time off for other purposes—for example, rest breaks may not be accumulated to extend a meal period, and rest breaks may not be combined to allow one half-hour long break.

Overtime Pay (nonexempt employees)

Nonexempt employees who exceed 40 hours of work time in a workweek will be paid time and one-half.

Paid leave, such as holiday, sick, or vacation pay, does not apply toward work time.

The workweek begins at 12:00 a.m. on Sunday morning and ends at 11:59 p.m. on Saturday night.

Supervisors are required to obtain approval from managers prior to the use of overtime.

Employees who anticipate the need for overtime to complete the week's work must notify the supervisor in advance and obtain approval before working hours that extend beyond their normal schedule.

During busy periods, employees may be required to work extended hours.

Employee Travel and Reimbursement

Employees will be reimbursed for reasonable expenses incurred in connection with approved travel on behalf of the firm.

Travelers seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid the appearance of impropriety. If a circumstance arises not specifically covered in the travel policies, the most conservative course of action should be adopted.

Travel for staff must be authorized in advance. Travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. Upon completion of the trip, and within 30 days, the traveler must submit a Travel Reimbursement Form and supporting documentation to obtain reimbursement of expenses. For more details, refer to the firm intranet site at CoverageGuard for detailed travel policies, procedures and authorization and reimbursement forms.

Exempt employees will be paid their regular salary for weeks in which they travel. Nonexempt employees will be paid for travel time in accordance with federal and state wage payment laws.

TIME OFF/LEAVES OF ABSENCE

Holiday Pay

Crough & Schenck recognizes nine paid holidays each year:

- New Year's Day
- Martin Luther King Jr. Day
- Presidents Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day After Thanksgiving
- Christmas Day

Should a holiday fall on a weekend, the holiday will be observed on the workday closest to the holiday.

Time off may be granted to employees who desire to observe a religious holiday that is not recognized by the firm.

Vacation

All full- and part-time employees are eligible for vacation leave benefits. Part-time employees working 20 to 29 hours per week will earn vacation on a prorated basis. Full-time employees are those working 30-plus hours per week. Vacation accrual begins on the first day of full- or part-time employment. Vacation accrues according to the schedule in this policy. Vacation can be used only after it is earned. Vacation leave will not be earned during an unpaid leave of absence.

To schedule vacation time, employees should submit a completed leave form to the supervisor at least two weeks before the requested leave. Employees must ensure that they have enough accrued leave available to cover the dates requested. Requests will be approved based on a number of factors, including department operating and staffing requirements. The supervisor should return the leave request to the employee within three business days of the date it is submitted indicating that the request has been approved or denied. If the request for vacation leave is denied, the supervisor should provide an appropriate reason on the form returned to the employee.

Vacation will be paid at the employee's base rate at the time the leave is taken. Vacation pay is not included in overtime calculation and does not include any special forms of compensation such as incentives, commissions, bonuses, or shift differentials. If a holiday falls during the employee's vacation, the day will be charged to holiday pay rather than to vacation pay.

Leave taken beyond an employee's available vacation balance may be unpaid unless otherwise required under state or federal law.

If employment is terminated, accrued unused vacation leave earned through the last day of active employment will be paid at the employee's base rate of pay at termination. In the event of the employee's death, earned unused vacation time will be paid to the employee's estate or designated beneficiary.

Sick Leave

All full-time, regular employees accrue sick leave from the date of hire, for a total of 10 days per year. Part-time, regular employees accrue sick leave from the date of hire, in a prorated amount using the full-time total of 10 days per year and the average number of hours the part-time employee works per week.

Sick leave may be used for an employee's personal illness, well-care, and medical and dental appointments. Sick leave may also be used for illness and well-care in an employee's immediate family.

Sick leave accrues to a maximum of 120 hours. Sick leave must accrue before it is used. If sick leave is exhausted, any available vacation hours will be used in its place. An employee who has a sick leave absence in excess of three consecutive working days must present medical documentation for the absence. Employees are not paid for unused sick leave upon termination of employment.

Family and Medical Leave Act

Upon hire, Crough & Schenck provides all new employees with notices required by the U.S. Department of Labor (DOL) on Employee Rights and Responsibilities under the Family and Medical Act .

The function of this policy is to provide employees with a general description of their FMLA rights. In the event of any conflict between this policy and the applicable law, employees will be afforded all rights required by law.

If you have any questions, concerns or disputes with this policy, you must contact Human Resources in writing.

General Provisions

Under this policy, Crough & Schenck will grant up to 12 weeks (or up to 26 weeks of military caregiver leave to care for a covered service member with a serious injury or illness) during a 12-month period to eligible employees. The leave may be paid, unpaid or a combination of paid and unpaid leave, depending on the circumstances of the leave and as specified in this policy.

Eligibility

To qualify to take family or medical leave under this policy, the employee must meet the following conditions:

- The employee must have worked for the firm for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. Separate periods of employment will be counted, provided that the break in service does not exceed seven years. Separate periods of employment will be counted if the break in service exceeds seven years due to National Guard or Reserve military service obligations or when there is a written agreement, including a collective bargaining agreement, stating the employer's intention to rehire the employee after the service break. For eligibility purposes, an employee will be considered employed for an entire week even if the employee was on the payroll for only part of a week or if the employee is on leave during the week.

- The employee must have worked at least 1,250 hours during the 12-month period immediately before the date when the leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave should not be counted in determining the 1,250 hours eligibility test for an employee under FMLA.
- The employee must work in a work site where 50 or more employees are employed by the firm within 75 miles of that office or work site. The distance is to be calculated by using available transportation by the most direct route.

Type of Leave Covered

To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

- The birth of a child and in order to care for that child.
- The placement of a child for adoption or foster care and to care for a newly placed child.
- To care for a spouse, child or parent with a serious health condition (described below).
- The serious health condition (described below) of the employee.

An employee may take leave because of a serious health condition that makes the employee unable to perform the functions of the employee's position.

A serious health condition is defined as a condition that requires inpatient care at a hospital, hospice, or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or as a condition that requires continuing care by a licensed health care provider.

This policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition that would result in a period of three consecutive days of incapacity with the first visit to the health care provider within seven days of the onset of the incapacity and a second visit within 30 days of the incapacity would be considered a serious health condition. For chronic conditions requiring periodic health care visits for treatment, such visits must take place at least twice a year.

Employees with questions about what illnesses are covered under this FMLA policy or under the firm's sick leave policy are encouraged to consult with the Human Resource manager. If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid leave as provided under this policy, the firm may designate all or some portion of related leave taken as leave under this policy, to the extent that the earlier leave meets the necessary qualifications.

- Qualifying exigency leave for families of members of the National Guard or Reserves or of a regular component of the Armed Forces when the covered military member is on covered active duty or called to covered active duty.

An employee whose spouse, son, daughter or parent has been notified of an impending call or order to covered active military duty or who is already on covered active duty may take up to 12 weeks of leave for reasons related to or affected by the family member's call-up or service. The qualifying exigency must be one of the following: a) short-notice deployment, b) military events and activities, c) child care and school activities, d) financial and legal arrangements, e) counseling, f) rest and recuperation, g) post-deployment activities, and h) additional activities that arise out of active duty, provided that the employer and employee agree, including agreement on timing and duration of the leave.

Covered active duty means:

- In the case of a member of a regular component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country.
- In the case of a member of a reserve component of the Armed Forces, duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty under a provision of law referred to in Title 10 U.S.C. §101(a)(13)(B).

The leave may commence as soon as the individual receives the call-up notice. (*Son or daughter* for this type of FMLA leave is defined the same as for *child* for other types of FMLA leave except that the person does not have to be a minor.) This type of leave would be counted toward the employee's 12-week maximum of FMLA leave in a 12-month period.

- Military caregiver leave (also known as covered service member leave) to care for an injured or ill service member or veteran.

An employee whose son, daughter, parent or next of kin is a covered service member may take up to 26 weeks in a single 12-month period to take care of leave to care for that service member.

Next of kin is the closest blood relative of the injured or recovering service member.

The term *covered service member* means:

- A member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation, or therapy or is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness.
- A veteran who is undergoing medical treatment, recuperation or therapy for a serious injury or illness and who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during the period of five years preceding the date on which the veteran undergoes that medical treatment, recuperation or therapy.

The term *serious injury or illness* means:

- In the case of a member of the Armed Forces (including a member of the National Guard or Reserves), an injury or illness that was incurred by the member in line of duty on active duty in the Armed Forces (or that existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that may render the member medically unfit to perform the duties of the member's office, grade, rank or rating.
- In the case of a veteran who was a member of the Armed Forces (including a member of the National Guard or Reserves) at any time during a period when the person was a covered service member, a qualifying (as defined by the Secretary of Labor) injury or illness that was incurred by the member in line of duty on an active duty in the Armed

Forces (or that existed before the beginning of the member's active duty and was aggravated by service in line of duty on active duty in the Armed Forces) and that manifested itself before or after the member became a veteran.

Amount of Leave

An eligible employee may take up to 12 weeks for the first five FMLA circumstances above (under heading "Type of Leave Covered") under this policy during any 12-month period. The firm will measure the 12-month period as a rolling 12-month period measured backward from the date an employee uses any leave under this policy. Each time an employee takes leave, the firm will compute the amount of leave the employee has taken under this policy in the last 12 months and subtract it from the 12 weeks of available leave, and the balance remaining is the amount of time the employee is entitled to take at that time.

An eligible employee can take up to 26 weeks for the FMLA military caregiver leave circumstance above during a single 12-month period. For this military caregiver leave, the firm will measure the 12-month period as a rolling 12-month period measured forward. FMLA leave already taken for other FMLA circumstances will be deducted from the total of 26 weeks available.

If a husband and wife both work for the firm and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a parent (but not a parent "in-law") with a serious health condition, the husband and wife may only take a combined total of 12 weeks of leave. If a husband and wife both work for the firm and each wishes to take leave to care for a covered injured or ill service member, the husband and wife may only take a combined total of 26 weeks of leave.

Employee Status and Benefits During Leave

While an employee is on leave, the firm will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work.

Employee Status After Leave

An employee who takes leave under this policy may be asked to provide a fitness for duty (FFD) clearance from the health care provider.

Use of Paid and Unpaid Leave

All paid vacation, personal and sick leave runs concurrently with FMLA leave.

Disability leave for the birth of a child and for an employee's serious health condition, including workers' compensation leave (to the extent that it qualifies), will be designated as FMLA leave and will run concurrently with FMLA.

Intermittent Leave or a Reduced Work Schedule

The employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the workweek or workday, resulting in a reduced-hour schedule. In all cases, the leave may not exceed a total of 12 workweeks (or 26 workweeks to care for an injured or ill service member over a 12-month period).

Certification for the Employee's Serious Health Condition

The firm will require certification for the employee's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

Certification for the Family Member's Serious Health Condition

The firm will require certification for the family member's serious health condition. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

Certification of Qualifying Exigency for Military Family Leave

The firm will require certification of the qualifying exigency for military family leave. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

Certification for Serious Injury or Illness of Covered Service Member for Military Family Leave

The firm will require certification for the serious injury or illness of the covered service member. The employee must respond to such a request within 15 days of the request or provide a reasonable explanation for the delay. Failure to provide certification may result in a denial of continuation of leave.

Recertification

The firm may request recertification for the serious health condition of the employee or the employee's family member when circumstances have changed significantly, or if the employer receives information casting doubt on the reason given for the absence, or if the employee seeks an extension of his or her leave. Otherwise, the firm may request recertification for the serious health condition of the employee or the employee's family member every six months in connection with an FMLA absence.

Procedure for Requesting FMLA Leave

All employees requesting FMLA leave must provide the HR manager with verbal or written notice of the need for the leave. Within five business days after the employee has provided this notice, the HR manager will provide the employee with the DOL Notice of Eligibility and Rights. When the need for the leave is foreseeable, the employee must provide the employer with at least 30 days' notice. When an employee becomes aware of a need for FMLA leave less than 30 days in advance, the employee must provide notice of the need for the leave either the same day or the next business day. When the need for FMLA leave is not foreseeable, the employee must comply with the firm's usual and customary notice and procedural requirements for requesting leave.

Designation of FMLA Leave

Within five business days after the employee has submitted the appropriate certification form, the HR manager will provide the employee with a written response to the employee's request for FMLA leave.

Intent to Return to Work from FMLA Leave

The firm may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work.

Personal Leave of Absence

Employees who require time off in addition to vacation may request a personal leave of absence without pay for up to a maximum of 30 days. An extension may be approved in limited circumstances.

All regular employees employed for a minimum of 90 days are eligible to apply for an unpaid personal leave of absence. Job performance, absenteeism, and supervisor's requirements will all be taken into consideration before a request is approved.

Please contact Human Resources for more information on request procedures.

The employee must return to work on the scheduled return date or be considered to have voluntarily resigned from his or her employment. Extensions of leave are considered on a case-by-case basis.

Bereavement Leave

An employee who wishes to take time off due to the death of an immediate family member should notify his or her supervisor immediately.

Bereavement leave is granted unless there are unusual business needs or staffing requirements.

Paid bereavement leave is granted according to the following schedule:

- Employees are allowed five days of paid leave in the event of the death of the employee's spouse, child, father, father-in-law, mother, mother-in-law, brother, sister, stepfather, stepmother, stepbrother, stepsister, stepson, or stepdaughter.
- Employees are allowed three days of paid leave in the event of death of the employee's brother-in-law, sister-in-law, son-in-law, daughter-in-law, aunt, uncle, grandparent, grandchild, or spouse's grandparent.
- Employees are allowed up to four hours of bereavement leave to attend the funeral of an employee or retiree of the firm.

Jury Duty

Upon receipt of notification from the state or federal courts of an obligation to serve on a jury, employees must notify their supervisor and provide him/her with a copy of the jury summons. The firm will pay regular full-time and regular part-time employees for time off for jury duty up to three (3) days of pay.

Voting Leave

Voting Time

All employees should be able to vote either before or after regularly assigned work hours. However, when this is not possible due to work schedules, employees will receive up to three hours during the workday to vote. Report and code appropriately on timekeeping records for time off for voting.

Election Leave

Employees chosen to serve as election officials at polling sites will be permitted to take required time off to serve in this capacity. It is incumbent on employees who are chosen to act as election officials to notify their manager a minimum of seven days in advance of their need for time off in order to accommodate the necessary rescheduling of work periods. Report and code appropriately on timekeeping records time off for time engaged as an election official.

Military Leave of Absence

Crough & Schenck is committed to protecting the job rights of employees absent on military leave. In accordance with federal and state law, it is the firm's policy that no employee or prospective employee will be subjected to any form of discrimination based on that person's membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied employment, reemployment, promotion or other benefit of employment based on such membership. Furthermore, no person will be subjected to retaliation or adverse employment action because such person has exercised his or her rights under applicable law or firm policy. If any employee believes that he or she has been discriminated against in violation of firm policy, the employee should immediately contact Human Resources.

Employees taking part in a variety of military duties are eligible for benefits under this policy. Such military duties include leaves of absence taken by members of the uniformed services, including Reservists and National Guard members, for training, periods of active military service and funeral honors duty, as well as time spent being examined to determine fitness to perform such service. Subject to certain exceptions under the applicable laws, these benefits are generally limited to five years of leave of absence.

Employees requesting leave for military duty should contact Human Resources to request leave as soon as they are aware of the need for leave. For request forms and detailed information on eligibility, employee rights while on leave and job restoration upon completion of leave, refer to the policies, procedures and forms on the firm intranet site at CoverageGuard or contact Human Resources.

Lactation/Breastfeeding

Colorado law allows a mother to breastfeed in any place she has a right to be. Pursuant to Colo. Rev. Stat. § 8-13.5-101 et seq. (2008), Crough & Schenck has also designated the room located next to the break room for this purpose. A small refrigerator reserved for the specific storage of breast milk is available. Label any breast milk stored in the refrigerator with the name of the employee and the date of expressing the breast milk. Any nonconforming products stored in the refrigerator may be disposed of. Employees storing milk in the refrigerator assume all responsibility for the safety of the milk and the risk of harm for any reason, including improper storage or refrigeration and tampering. Breaks of more than 20 minutes in length will be unpaid, and the employee should indicate this break period on her time record.

BENEFITS

For more information regarding benefits programs, please refer to the firm Summary Plan Descriptions provided to employees upon hire or contact Human Resources.

Healthcare

Crough & Schenck provides healthcare insurance procured through Small Business Health Options Program (SHOP). The firm pays 50% of full-time employees' premium costs. The firm does not offer coverage to part-time employees or to dependents.

The Human Resource department is available to answer benefits plan questions and assist in enrollment as needed.

Group Life Insurance

The firm offers regular full-time employees employed by Crough & Schenck for 30 days an employer-paid basic group term life policy along with an accidental death and dismemberment policy. Each policy generally pays a death benefit equal to the lesser of their "Life Salary" (as defined in the Plan document) or \$50,000.

Short-Term Disability Benefits

The firm's short-term disability plan is a benefit that provides partial pay for employees who are unable to work due to illness, injury, or disability not related to work, after an absence of more than seven consecutive calendar days. Benefits begin on the eighth day of disability and continue for related absences up to a maximum of 26 weeks. Employees will not be able to return to work without submitting to Human Resources a note from a physician or licensed health care professional authorizing the employee's return. Any time spent on short-term disability counts as part of the employee's FMLA leave.

Long-Term Disability Benefits

Crough & Schenck offers eligible employees (i.e., regular full-time employees regularly scheduled to work a minimum of 30 hours per week) a noncontributory long-term disability (LTD) base plan. This noncontributory base plan provides for monthly LTD benefits of 50% of basic monthly earnings to a maximum benefit of \$1,000 per month, less any other offsets. Eligible employees are automatically enrolled as of the first day of the calendar month on or following their date of hire. Long-term disability coverage terminates on the last day of employment.

Please contact Human Resources for more information.

401(k) Plan

The firm offers a voluntary pretax salary reduction plan in which regular full-time and regular part-time employees (scheduled for and working a minimum of 20 hours per week), who are 21 years of age or

older, may elect to participate beginning with the first payroll period administratively feasible after employment. The "window" periods during which an employee may change the dollar amounts or the percentages of his/her contributions are around January 1st, March 1st, July 1st and October 31st of each year. Notices of these "window" periods and other information regarding the Plan are circulated to all employees periodically throughout the year.

Further details about the Plan may be obtained from Human Resources and the Plan document.

Workers' Compensation Benefits

The firm is covered under statutory state workers' compensation laws. Employees who sustain work-related injuries must immediately notify their department supervisor.

POSITIONS AND JUSTIFICATIONS

As an insurance defense firm, the Law Office of Crough & Schenck aims to provide excellent service at a competitive cost for its clients. Key in achieving this goal is the Firm's small but effective staff. The firm employs two senior partners, three junior/associate attorneys, one receptionist, three paralegals, one head of human resources who is also the firm's IT specialist, and one office administrator who also handles the firm's accounting. The specifics of each employee's duties follow below.

Senior Partners

David Crough and Gus Schenck are the firm's founding attorneys, making them the senior partners of the Law Office of Crough & Schenck. David and Gus handle the Firm's major cases and advise the junior attorneys on any questions they have. The senior attorneys also provide annual reviews of the junior associates to help them know the areas in which they excel, and those in which they need to work.

Junior/Associate Attorneys

The firm keeps three junior attorneys on staff. These attorneys assist the senior attorneys with legal research, document drafting, and they will occasionally travel to make court appearances for the senior attorneys. Junior associates also handle their own cases under the supervision of either David Crough or Gus Schenck. Junior associates are hired based on their academic achievements, experience, and references. At the end of each fiscal year, the senior attorneys will provide reviews of the junior associates and will decide whether to keep them on staff.

Receptionist

The Firm keeps one bilingual receptionist on staff. The receptionist's station is at the front of the office. He or she fields all incoming calls for the firm and transfers them to the attorneys and paralegals' offices. He or she greets all clients that come into the office. The receptionist handles all incoming and outgoing mail. During the receptionist's lunch break, one of the paralegals will fill in as the receptionist.

Paralegals

The Firm employs three paralegals: one for each of the senior partners, and one shared by the three junior associates. The paralegals draft and file documents with the supervising attorney's permission, schedule trial dates, organize witnesses, retrieve records, perform e-filing, research, talk to clients when the attorney is busy, and may be called upon to attend trial to assist an attorney. Paralegals are expected to be proficient in the firm's databases, case management software, and document/trial management software. The Office Administrator and IT will insure paralegals are trained and mentored on all software programs and databases used by the firm.

Human Resources/IT

Nick Pitts is the Firm's head of HR and is the Firm's IT specialist. As the head of HR, Mr. Pitts is in charge of new hires, and must go through all of the new hire paperwork with them. Mr. Pitts handles requests for time off in conjunction with the office administrator. Mr. Pitts handles inter-office disputes and complaints, and he is in charge of maintaining a healthy office atmosphere. As the Firm IT specialist, Mr. Pitts handles any technological issues, and manages the Firm's online presence.

Office Administrator/Accountant

Paul Murphy is the Firm's office administrator and accountant. As the office administrator, he handles employee termination, and works with Mr. Pitts in handling requests for time off. Mr. Murphy is in charge of office equipment and office layout. Mr. Murphy makes sure that the office runs smoothly and effectively. As the firm accountant, Mr. Murphy handles the firm's taxes, and manages the firm's books.

Firm Mentoring Program

This program matches each junior associate with a partner who has the responsibility for shepherding the associate through the first few years of practice. The formal mentor program complements the many informal mentoring relationships that naturally develop for most junior lawyers. Lawyers participating in this program are encouraged to have significant contact with one another through day-to-day interactions at work and through social and professional activities. Mentoring has proven to advance the skills and confidence of junior associates allowing them to progress more rapidly.

November 19, 2013

Administrative Systems Plan



Administrative Systems Plan

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Table of Contents

Intake and Conflicts Check.....	1
Timekeeping and Billing.....	2
Accounting.....	2
Tickler	3
Crough & Schenck Website.....	4

Intake and Conflicts Check

Intake of new clients will begin by gathering basic background information when the assignment is sent in by an insurance carrier. We will encourage insurance carriers to send new claims to us in whatever manner is most convenient and efficient for them, be it phone, mail, fax, or email. Upon receipt of the new assignment, we will call the insurance adjuster to verify receipt, and also document receipt in writing.

We will input the basic background information into our firm's case management software, Clio (<http://www.goclio.com/>), which creates an electronic file. The inputted information is automatically subject to a conflicts check. Upon notice of a conflict, we will immediately notify the insurance company by phone that a potential conflict exists, whether or not it can be waived, and allow them to decide how to proceed. The conflicts check functionality remains active as new information is entered, so if a party to a lawsuit joins later, we will be aware of a conflicts problem as it arises.

Files:

Upon receipt of a new file, we will create a physical file folder that contains hard copies of whatever documents were provided upon assignment (e.g. a copy of the insurance policy, police report, statements, and vehicle damage photos). Those documents will also be scanned and uploaded into the electronic file created by Clio. The software allows for unlimited cloud-based document storage, so as documents come in, they will be scanned and uploaded. It will be

the handling attorney's discretion whether or not a document needs to be physically retained, or if a scanned electronic copy is sufficient. The handling attorney will also decide what legal pleadings need to be printed for the physical file, and what can be retained purely in digital format.

Our case management software also links all communications to the electronic file, so emails are retained, as are all calendar items and notes. Electronic files can be accessed by all authorized users, so we will retain notes electronically in the associated files so the latest case activity can be accessed in real time. We will document the content of all phone calls in the electronic notes, as well as our settlement negotiations and strategic planning.

Upon resolution of a case, the handling attorney will decide if any of the documents in the physical file need to be retained in paper format. If so, those files will be placed in storage. If not, we will ensure that all documents are accessible in electronic format through our case management software, and the physical file will be destroyed.

Timekeeping and Billing

Our case management software has an integrated timekeeping function, where users are prompted to enter time on each case that they work on. Our time records will be kept entirely electronically within the software program so all time is logged in one place, regardless of the person entering it. This avoids having to reconcile multiple time sheets at the end of the month, and ensures that all time is properly logged. The handling attorney for each case will be responsible for overseeing the timekeeping for their cases, and adjusting the time entries as needed before the bills are generated.

Bills are created through the software program by a simple reporting function within the timekeeping section. The software links the bills with the accounting section, so the past due balances will appear on the bills in addition to the new charges. Bills will be generated on the 10th day of the month, reflecting charges from the prior month, and mailed (or emailed) to the insurance companies. Our bills will be due within 30 days, with past due balances accruing interest at a rate of 3% annually.

Accounting

Accounts will be kept within our case management software, which tracks all bills and payments. The software allows reports to be run on a variety of criteria, so we can track finances based on individual cases, clients, or the firm as a whole. The software maintains a separate trust account that is completely integrated with the billing system, so when payments are receipted from the trust account, a corresponding accounting entry is automatically created, reducing clerical errors.

One member of the office staff will be delegated as the overseer of the firm's finances, with a routine review conducted monthly by the managing attorneys. All accounts will be reconciled quarterly to ensure accuracy and the financial health of the firm.

Tickler

The firm will use a redundant system of reminders to ensure all deadlines are met. The case management software has a centralized dashboard, which includes both a task list and a calendar. Tasks can be associated with specific cases, and can be assigned to any member of the firm. The calendar function is integrated so specific deadlines can be set to remind any number of people. Important deadlines, such as a statute of limitations, can be calendared for multiple users so at least one of them is aware of it in the event the others are out of the office.

In addition to the electronic calendar, the firm will maintain a paper wall calendar that is accessible by all. That calendar is used to show upcoming appointments and absences so tasks can be delegated as needed. The office manager will be responsible for keeping the wall calendar updated.

The managing attorneys will be responsible for ensuring that all tasks are completed in a timely manner. Reports are generated weekly for each of the firms employees, showing what tasks were not completed on the day assigned, and the employee will be given appropriate feedback on their performance.

Crough & Schenck Website

Crough & Schenck

Law Offices

HOME CS LAW OFFICE LAW OFFICE GROUP PRACTICE AREAS CONTACT

Our Team

With over 25 years of experience, The Crough & Schenck Law Group offers skilled attorneys with extensive trial and appellate experience at the state and federal levels. As experienced litigators, our lawyers have handled insurance defense cases for both insureds and insurance companies. The Crough & Schenck has far-reaching experience in defense of: commercial liability, catastrophic injuries, personal injury, wrongful death, products liability, gas explosions, airplane crashes, insurance coverage and bad faith, medical malpractice, professional malpractice, construction

Services

The Crough & Schenck Law Group has far-reaching experience in defense of: commercial liability, catastrophic injuries, personal injury, wrongful death, product liability, gas explosions, airplane crashes, insurance coverage and bad faith, medical malpractice, professional malpractice, construction defect and public entity liability. As such, The C&S Law Group has been selected to handle major claims for several insurers, with the firm's founder being designated by one large commercial insurer as the only lawyer handling "catastrophic" claims in

Contact Us

FOR A FREE CONSULTATION

(303) 825-8776

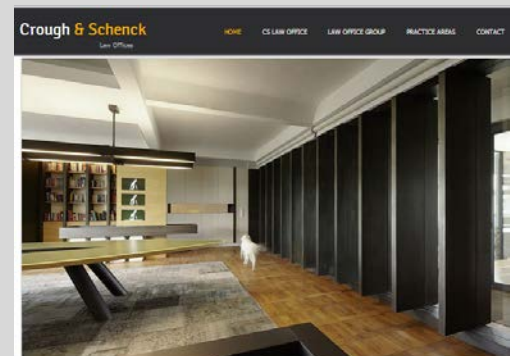
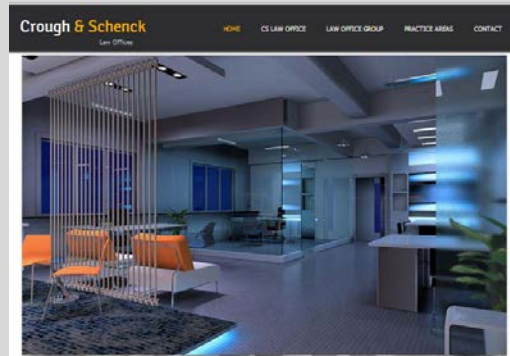
Denver Office
Crough & Schenck Law
3801 Broadway, C-2
Denver, CO 80202

EMAIL:
ccs@csd.com

Areas of Practice

Auto Insurance Defense
Catastrophic injuries

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David Crough, Senior Partner

David Crough was born in St. Louis, Missouri on December 23, 1953. He received his undergraduate degree from the University of Notre Dame in 1975, and his law degree from University of Denver Sturm in 1978. That year, he was admitted to practice in Denver and in 1980 he was admitted in California.

Mr. Crough is a member of the bar associations in Denver, Colorado, California and Missouri. He is also admitted to practice before the Supreme Court of the United States. He is a member of the Lawyers Association of Denver, the Denver Trial Lawyers Association, the Colorado Association of Trial Lawyers and the Colorado Association of Auto Insurance Defense Lawyers.

Augustus Schenck, Junior Partner

Born in St. Louis, Missouri, October 10, 1988, Augustus Schenck received a B.S. & A. degree from Marquette University in 2010, and a J.D. degree from Denver University Sturm in 2014. Served as one of the student editors of the Foreign Relations Bulletin at St. Louis University. Admitted into the Colorado Bar in 2014 and United States District Court for the Eastern District in 2014. Member of the Circuit Public Defender's Bureau, City of Denver, from 2014 through 2015.

Presented with the Law Q. Master Trial Honors Award by the Colorado Bar Association in 2015 and the Award of Honor by the Lawyers Association of Denver in 2015.

Paul Murphy, Finances

Paul Murphy was born in Columbia, Missouri on July 10, 1976. He received his education from St. Louis University, earning his B.A. in 2000 and his J.D. in 2003. He was admitted to practice in Missouri in 2003, Colorado in 2004 and Kansas in 2005. He is also licensed to practice before the U.S. District Court, Eastern District of Colorado.

Mr. Murphy was executive editor of the St. Louis University Public Law Review from 2002-2003, and is a member of the Colorado Bar and the Colorado State Bar Association.

Nicholas Pitts, Human Resources

Nicholas Pitts received a B.A. degree from Creighton University in 2005, and a J.D. degree from University of Denver School of Law in 2008. Admitted to the Denver Bar in 2008 and the United States District Court for the Eastern District of Denver in 2008. Served as an associate with the law firm of Bartlett, Griffith, LLC from 2008 through 2009. Member of the Lawyers Association of Metropolitan Denver, the Denver Bar, and the Bar Association of Metropolitan St. Denver.

Mr. Pitts has been handling human resources issues since his birth. Dealing with kids people has always been a passion. C&S allows him to continue the passion for negotiating.

Contact

Address

Denver Office
Crough & Schenck Law
3801 Broadway, C-2
Denver, CO 80202

Telephone

303 825 8776

Name _____
Email _____
Subject _____

November 19, 2013

Budgeting



BUDGETING

Law Offices of Crough & Schenck

Website: croughschenck.com

Intranet: CoverageGuard

David Crough, Esq.
Partner
David@crough&schenck.com

Gus Schenck, Esq.
Partner
Gus@crough&schenck.com

Nicholas Pitts, MSLA
Human Resources
Nicholas@crough&schenck.com

Paul Murphy, MSLA
Office Management
Paul@crough&schenck.com

Contents

Financial Plan.....	2
Income.....	4
Assumptions and Predictions.....	4
Salaries.....	5
Fees.....	5
Cash Flow Budget Sheet.....	6

Financial Plan

Initial Investment by partners: \$50,000 (\$25,000 from Crough and \$25,000 from Schenck)

Loan: \$50,000 in the form of an SBA 7(A) Term Loan from Wells Fargo. We opt for the term less than seven years, which carries a 2.25% interest rate added to the New York Prime Rate, on top of another 2% fee for loans under \$150,000.00. We also have to pay a \$1,000.00 packaging fee. We will likely have to put a mortgage on one of our homes to secure this loan because we are renting our business property and cannot mortgage that.

Information on the loan from Wells Fargo's website:


Ideal For	For-profit businesses that need funds for expansion, purchase another business or manage cash flow. The 7a term loan is also an effective financing tool for experienced business owners who are starting a new business. Your business must meet SBA guidelines.
How it Works	<p>A 7(a) loan offers flexibility, longer terms, and lower down payments, compared to other types of business financing.</p> <p>Because it is backed by a SBA guarantee, you can access larger lump sum funding to fund start-up costs, equipment, inventory and working capital.</p> <p>Longer terms offer you lower payments to free up cash flow while you grow your businesses.</p>
Credit Amount	Term Loans from \$25,000 to \$5 million.
	Wells Fargo Loan: Up to 20 years on Real Estate; Up to 10 years on Machinery or Equipment.
Terms	<p>Working Capital: up to 7 years.</p> <p>Equipment: up to 10 years (or useful life).</p> <p>Real Estate: up to 25 years.</p>
Interest Rates	<p>Fixed or variable.</p> <p>Terms less than 7 years: NY Prime + 2.25%.</p> <p>Terms equal to or greater than 7 years: NY Prime + 2.75%.</p>
Collateral	Wells Fargo will take a secured interest business assets and/or a mortgage

on real estate.

Fees	SBA Guarantee Fees: <ul style="list-style-type: none">Loans up to \$150,000 — 2% of the guaranteed portion of the loan.Loans from \$150,001 to \$750,000 — 3% of the guaranteed portion of the loan.Loans from \$750,001 to \$5 million — 3.5% of the guaranteed portion up to \$1 million and then 3.75% for guaranty above \$1 million. Wells Fargo Packaging Fee: \$1,000. Filing Fees: Minimum of \$50.
Underwriting Requirements	Personal guaranties by all owners of 20% or more. Adequate business collateral , or personal assets securing personal guaranty, i.e. mortgage on a home. Hazard Insurance.
Financing	Loans less than or equal to \$150,000 — SBA provides 85% guarantee. Loans greater than \$150,000 — Guaranteed amount is 75%.

Line of credit: We will also start a line of credit with PNC. We will use the Choice Credit for Business Line of Credit to help cover expenses as we gain business in the first year or two.

Information from the PNC website.

Your Selected Lines of Credit  Compare All	Choice Creditsm for Business Line of Credit
Account Features & Fees	
Minimum Line Amount	\$10,000
Maximum Line Amount	\$100,000
Typical Uses	Short-term working capital, cash flow timing gaps, general business needs

Term	Annual review and renewal(1)
Annual Fee	\$175
Interest Rate	Variable based on Prime(2)
Funds accessible by check, online transfer or telephone	Yes
PNC Business Checking required	Yes
Automatic monthly payment from PNC Business Checking	Required
View balances, transactions and make payments online	Yes
Provides Overdraft Protection to PNC Business Checking	Yes
Collateral Required	None

Income Assumptions and Predictions

Crough & Schenck operates as a civil defense of insured drivers against property damage and personal injury claims arising from motor vehicle accidents. Attorneys David Crough and Augustus Schenck are the partners; there are three associates. The firm works closely with its independent insurance company-clients regarding agreements for litigation cost thresholds, reporting criteria, reporting timeframes, and monitors each case for the actual costs/case in relation to time needed to denouement given the variables exigent upon the particular case. After each case is completed, the billing lawyer for the case assigns to it a value estimate number (the Crough/Schenck number) based on complexity of issues (e.g. negligence per se), injuries sustained by the insured and others involved, and property damage. The value estimate numbers update assessments for future valuation of cases.

To gauge the firm's profitability, each lawyer monitors hours/case and updates weekly predictions pertaining to projected costs and time needed to complete the case successfully. Various factors figure into valuing cases. These include:

- Jury Verdict Reporter of Colorado (<http://www.jvrc.com/default/index.cfm>)
- Insurance coverage
- Subrogation
- Venue
- Settlement comparisons

Case assessments provide a prediction of the number of hours the lawyer expects to spend on the case based on the following criteria:

- Possibility of settlement
- Complexity of the issues
- Likelihood of positive outcome at trial

Mr. Crough and Mr. Schenck will handle cases that are more complex.

Salaries

Crough & Schenck seeks the best fit for each position in the firm. Consequently, the firm expects to offer better than competitive compensation to its employees. In addition to salaries, the firm provides healthcare, free parking, paid time off, sick leave, and 401(k).

Salaries for employees are as follows:

Associates:	\$65,000/year
Administrative:	\$60,000/year
Paralegals:	\$50,000/year
Receptionist:	\$40,000/year

Fees

The firm sets the following fees or they conform to the requisites of the independent insurance companies:

Partners:	\$150/hour
Associates:	\$120/hour
Paralegals:	\$100/hour

The firm expects to have to take a full year to reach full billing. From January through April, the firm projects to bill at a rate of 1000 hours/year. Beginning Cash Balance will decrease each month from January through April.

Beginning in May, the firm expects Partners and Associates to bill an average of 1750 hours/year. Beginning in January 2014, Partners and Associates will bill at 2000 hours/year. Beginning Case Balance will increase each month from May through December.

The firm projects to collect a total of \$1,440,000.00 over the first year. If fees for May through December only achieve 80% of projections, the firm will still realize a total fee collection of \$1,214,208.00. However, if fees for the same period achieve only 70% of projections, the firm will still be operating in the black, but the Beginning Case Balance for December will reduce to \$7,086.66.

The firm has budgeted \$3,000/month for marketing costs. Using this wisely is expected to add to the firm's client base by one to three new clients per month. If that projection pans out, the firm may expect significantly higher profits and will need to consider expanding its numbers of associate and paralegals.

Cash Flow Budget Sheet

Twelve-Month Law Office of Crough & Schenck Cash Flow Budget Worksheet

			January	February	March	April	May	June	July	August	September	October	November	December	Total
Gen. Ledger															
	Beginning Cash Balance (Partner Contribution)		\$ 50,000.00	\$ 49,094.12	\$ 39,376.60	\$ 32,256.69	\$ 12,252.62	\$ 62,546.78	\$ 111,188.38	\$ 161,484.24	\$ 202,813.43	\$ 241,398.84	\$ 290,709.86	\$ 303,438.66	\$ 1,556,560.21
	Cash Inflows (Income):														
1000	Fees collected		\$ 84,480.00	\$ 76,800.00	\$ 80,640.00	\$ 69,120.00	\$ 141,120.00	\$ 141,120.00	\$ 147,840.00	\$ 141,120.00	\$ 141,120.00	\$ 154,560.00	\$ 120,960.00	\$ 141,120.00	\$ 1,440,000.00
	Total Cash Inflows		\$ 134,480.00	\$ 125,894.12	\$ 120,016.60	\$ 101,376.69	\$ 153,372.62	\$ 203,666.78	\$ 259,028.38	\$ 302,604.24	\$ 343,933.43	\$ 395,958.84	\$ 411,669.86	\$ 444,558.66	\$ 1,440,000.00
	Cash Outflows (Expenses):														
	Bank Service Charges:		\$ 25.00	\$ 24.90	\$ 24.80	\$ 24.70	\$ 24.60	\$ 24.50	\$ 24.40	\$ 24.30	\$ 24.20	\$ 24.10	\$ 24.00	\$ 23.90	\$ 293.40
2000	General account		\$ 25.00	\$ 24.90	\$ 24.80	\$ 24.70	\$ 24.60	\$ 24.50	\$ 24.40	\$ 24.30	\$ 24.20	\$ 24.10	\$ 24.00	\$ 23.90	\$ 293.40
2001-2200	Trust accounts		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	\$ -
2300	Bookkeeping and Accountancy Fees		\$ 400.00	\$ 404.00	\$ 408.04	\$ 412.12	\$ 600.00	\$ 606.00	\$ 612.06	\$ 618.18	\$ 900.00	\$ 909.00	\$ 918.09	\$ 927.27	\$ 7,714.76
2400	Computer Hardware		\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.27	\$ 1,307.30	\$ 15,687.27
2500	Computer Software		\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 552.50	\$ 6,630.00
2600	Copier Rental and Supplies		\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 1,500.00
2700	Couriers		\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 55.00	\$ 60.50	\$ 66.55	\$ 73.21	\$ 80.53	\$ 88.58	\$ 97.44	\$ 107.18	\$ 768.97
2800	Credit Card charges		\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
3000	Employee, Associates (3)		\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 16,250.00	\$ 195,000.00
3100	Employee, Administrative (2)		\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 120,000.00
3200	Employee, Paralegal (3)		\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	
3300	Employee, Receptionist		\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 39,999.96
3500	Health and Disability Insurance		\$ 3,821.28	\$ 3,821.28	\$ 3,821.28	\$ 3,821.28	\$ 3,821.28	\$ 3,821.28	\$ 4,394.47	\$ 4,394.47	\$ 4,394.47	\$ 4,394.47	\$ 4,394.47	\$ 4,394.47	\$ 49,294.50
2900	Interest Charges		\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 74.30	\$ 891.60
4300	Marketing		\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 36,000.00
4400	Miscellaneous		\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
4500	Office Supplies		\$ 200.00	\$ 203.00	\$ 206.05	\$ 209.14	\$ 212.27	\$ 215.46	\$ 218.69	\$ 221.97	\$ 225.30	\$ 228.68	\$ 232.11	\$ 235.59	\$ 2,608.24
4600	On-line Research Charges		\$ 500.00	\$ 507.50	\$ 515.11	\$ 522.84	\$ 530.68	\$ 538.64	\$ 546.72	\$ 554.92	\$ 563.25	\$ 571.69	\$ 580.27	\$ 588.97	\$ 6,520.61
3300	Payroll		\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 42,083.33	\$ 504,999.96
3400	Payroll Taxes		\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 8,416.67	\$ 100,999.99
3600	Practice Insurance		\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 33,600.00
5000	Professional Association Fees		\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 4,440.00
3700	Property and Casualty Insurance		\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
4700	Rent		\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 7,168.00	\$ 86,016.00
4800	Training and Mentoring		\$ 300.00	\$ 304.50	\$ 309.07	\$ 313.70	\$ 318.41	\$ 323.19	\$ 500.00	\$ 507.50	\$ 515.11	\$ 522.84	\$ 530.68	\$ 538.64	\$ 4,983.64
4900	Utilities, Internet, & Telephone		\$ 320.00	\$ 336.00	\$ 352.80	\$ 370.44	\$ 388.96	\$ 408.41	\$ 428.83	\$ 450.27	\$ 472.79	\$ 496.43	\$ 521.25	\$ 547.31	\$ 5,093.48
5000	WCB remittances		\$ 661.45	\$ 675.00	\$ 689.89	\$ 706.28	\$ 724.30	\$ 744.12	\$ 796.87	\$ 823.95	\$ 853.74	\$ 886.51	\$ 922.56	\$ 962.21	\$ 9,446.87
	Subtotal		\$ 73,434.80	\$ 73,483.14	\$ 73,533.90	\$ 73,587.26	\$ 73,847.17	\$ 73,913.66	\$ 74,760.06	\$ 74,840.13	\$ 75,200.64	\$ 75,293.46	\$ 75,391.92	\$ 75,496.54	\$ 892,782.70
	Other Cash Outflows:														
6000	Capital Purchases		\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 1,118.08	\$ 13,416.96
7000	Draw (Partners)		\$ 10,833.00	\$ 11,916.30	\$ 13,107.93	\$ 14,418.72	\$ 15,860.60	\$ 17,446.65	\$ 21,666.00	\$ 23,832.60	\$ 26,215.86	\$ 28,837.45	\$ 31,721.19	\$ 34,893.31	\$ 250,749.61
8000	Other:		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotal		\$ 11,951.08	\$ 13,034.38	\$ 14,226.01	\$ 15,536.80	\$ 16,978.68	\$ 18,564.73	\$ 22,784.08	\$ 24,950.68	\$ 27,333.94	\$ 29,955.53	\$ 32,839.27	\$ 36,011.39	\$ 264,166.57
	Total Cash Outflows		\$ 85,385.88	\$ 86,517.52	\$ 87,759.91	\$ 89,124.06	\$ 90,825.85	\$ 92,478.40	\$ 97,544.14	\$ 99,790.81	\$ 102,534.58	\$ 105,248.99	\$ 108,231.20	\$ 111,507.93	\$ 1,156,949.27
	Ending Cash Balance		\$ 49,094.12	\$ 39,376.60	\$ 32,256.69	\$ 12,252.62	\$ 62,546.78	\$ 111,188.38	\$ 161,484.24	\$ 202,813.43	\$ 241,398.84	\$ 290,709.86	\$ 303,438.66	\$ 333,050.73	\$ 283,050.73