

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made this 23d day of September, 2013, by and between ADT LLC, a Delaware limited liability company with its principal place of business located at 1501 Yamato Road, Boca Raton, Florida 33431 (“ADT”), and Security One International, Inc., a California corporation with its principal place of business located at 11601 Wilshire Boulevard, Suite 500, Los Angeles, California 90025 (“Security One”) (with ADT, the “Parties”).

WHEREAS, ADT owns rights in and to various ADT[®] marks in the United States, including, but not limited to, the following Trademarks registered with the United States Patent and Trademark Office: Nos. 710,708; 3,445,423; and 3,485,321; and

WHEREAS, ADT filed a lawsuit against Security One and others (“Defendants”) in the United States District Court for the Northern District of California, Oakland Division, (“Court”) entitled *ADT Security Services, Inc. v. Security One Int’l, Inc., et al.*, No. 4:11-CV-05149 (the “Action”), alleging, *inter alia*, that Defendants had engaged in false statements and unfair and deceptive trade practices in the sale of alarm systems that have caused confusion among ADT customers in violation of Section 43(a) the Lanham Act and California common law; and

WHEREAS, Security One denies ADT’s claims and does not hereby admit any liability; and

WHEREAS, in the Action, the parties stipulated to, and the Court entered, a preliminary injunction that barred the Defendants from employing certain false claims and deceptive sales practices while the action remained pending (“Preliminary Injunction”); and

WHEREAS the Parties now desire to settle and resolve all claims that were asserted in the Action,

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Agreed Injunction. Upon execution of this Agreement, the Parties will submit an Agreed Permanent Injunction in the form attached as Exhibit A to this Agreement (“Permanent Injunction”) to the Court for entry. The Parties agree that the Court will have continuing and exclusive jurisdiction to hear and decide all matters relating in any respect to the Injunction. The Parties further agree that the existing Stipulated Preliminary Injunction shall be immediately dissolved upon entry of the Permanent Injunction.

2. Payment to ADT. In complete satisfaction of all ADT claims alleged in the Complaint, and all other claims released herein, Security One’s insurer shall pay to ADT the total sum of \$1,500,000, on or before September 26, 2013 (“Payment”). Security One shall not contribute to the settlement amount under this Agreement.

3. Dismissal. Upon the execution of this Agreement, the Parties will read this Agreement into the record in the Court, and the parties will adjourn the further trial of this matter and the pending hearing on ADT’s motion for Defendants’ alleged contempt of the Preliminary Injunction. Upon entry of the Permanent Injunction by the Court, and receipt of the Payment, the Parties will move the Court to dismiss the Action and the contempt proceeding with prejudice, with each side to bear its own costs.

4. Release. ADT hereby releases Security One and its officers, employees, affiliated entities, independent contractors, insurers, successors and assigns of all claims that ADT may possess against them, known or unknown, asserted or unasserted, as of the date of this Agreement. ADT expressly reserves and does not release any or all claims it may possess against defendants Scellusaleads or Pure Clar. Security One hereby releases ADT and its

officers, employees, affiliated entities, independent contractors, insurers, successors and assigns of all claims that the Defendants may possess against them, known or unknown, asserted or unasserted, as of the date of this Agreement.

5. Representations and Warranties. The Parties represent and warrant to each other that they are the owners of the claims that each releases under this Agreement, and that they have not conveyed or assigned their respective interests in any such claims to others. Security One represents and warrants that it does not knowingly possess confidential proprietary ADT customer information, and that it has no access to any electronic ADT database. ADT represents and warrants that ADT has made no claim, as of the date of this agreement, that Security One possesses proprietary ADT customer information, or that Security One has access to any electronic ADT customer database. The parties acknowledge that Security One buys sales leads from vendors, and that Security One is in no way affiliated with these vendors.

6. No Confidentiality. The Parties agree that the Agreement and its terms are not confidential, and that ADT may disclose this Agreement without limitation or restriction.

7. Governing Law; Forum. This Agreement shall be governed by and construed in accordance with California law, without regard to conflict of law principles. The Parties hereby submit to the exclusive jurisdiction of the United States District Court for the Northern District of California, Oakland Division (Rogers, J.), with respect all matters arising from this Agreement, including without limitation the interpretation and enforcement of the provisions of this Agreement, the representations herein, or the Permanent Injunction, or any litigation arising hereunder. The Parties agree to waive any right to a jury trial of the claims and defenses asserted in any litigation arising from this Agreement or the Injunction. The Parties

agree that the prevailing party in any litigation brought under this Agreement or the Injunction shall be awarded its attorney fees and all costs of suit incurred in the litigation.

8. Entire Agreement; No Oral Modifications. This Agreement is the entire agreement between the Parties with respect to the subject matter herein and may be amended only in a writing signed by all Parties. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective parents, subsidiaries, affiliates, successors in interest and associated entities and each of their owners, officers, directors, partners, employees, agents, representatives, attorneys, licensees, predecessors, successors, heirs, and assigns.

9. Enforceability; Authority of Parties and Signators. The Parties signing this Agreement represent and warrant that they each have the authority to sign on behalf of the respective Parties and that no other signature, act or authorization is necessary to make this Agreement binding on the Parties.

10. Counterparts. This Agreement may be executed in counterparts, the signed copies of which, taken together, shall be deemed an original.

11. Notice. Any notices, responses, or confirmations required by this Agreement or the Injunction shall be deemed sufficiently given if in writing and both personally served to the notified Party and deposited in an official depository of the United States Postal Service in registered or certified form with return receipt requested, or through commercial carrier with return receipt requested, addressed to the notified Party at the address set forth below, with a copy by email, as may be changed from time to time by written notice:

To ADT:

ADT LLC
Attn: General Counsel & Chief Litigation Counsel
1501 Yamato Road
Boca Raton, FL 33431
Email: dbleisch@adt.com
hlim@adt.com

with a copy to

C. Sanders McNew, Esquire
McNEW P.A.
2385 NW Executive Center Drive, Suite 100
Boca Raton, FL 33431
Email: mcnew@mcnew.net

To Security One:

Security One International, Inc.
11601 Wilshire Boulevard, Suite 500
Los Angeles, California 90025
Email: sales@securityoneonline.com

with a copy to

John O'Bryan, Esquire
FREEBORN & PETERS LLP
311 South Wacker Drive, Suite 3000
Chicago, Illinois 60606
Email: jobryan@freeborn.com

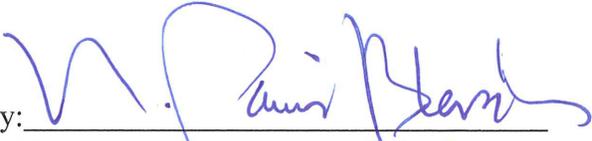
12. Right to Review; Informed Consent. The Parties hereby affirm the following:
- a. that they fully understand the meaning, intent and content of this Agreement and Injunction;
 - b. that they have had a reasonable period of time to consider this Agreement and Injunction, and to fully discuss and review the terms of this Agreement and Injunction with their attorneys; and

c. that they freely and voluntarily agree to all the terms and conditions set forth in this Agreement and Injunction.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the dates indicated next to the signatures below.

ADT LLC

Date: _____

By: 
Name: N. DAVID BLESCH
Title: SVP & GENERAL COUNSEL

SECURITY ONE INTERNATIONAL, INC.

Date: _____

By: _____
Name:
Title:

SECURITY ONE INTERNATIONAL, INC.

Date: September 23, 2013 By: 
Name: CLAUDIO HAMA
Title: PRESIDENT

1 **EXHIBIT A**

2
3 **UNITED STATES DISTRICT COURT**

4 **NORTHERN DISTRICT OF CALIFORNIA – OAKLAND DIVISION**

5
6 ADT SECURITY SERVICES, INC.,

CIVIL ACTION No. C 11-05149 YGR

7 Plaintiff,

8 vs.

PERMANENT INJUNCTION

9 SECURITY ONE INTERNATIONAL, INC.,
10 and CLAUDIO HAND,

11 Defendants.

12 After considering the parties' submissions as part of the parties' agreement to settle the
13 claims asserted in this action, **IT IS HEREBY ORDERED THAT** the following stipulated
14 Permanent Injunction be, and hereby is, **ENTERED**, as follows:

15 1. Defendants SECURITY ONE INTERNATIONAL, INC. ("SECURITY ONE"),
16 and CLAUDIO HAND (collectively, "Defendants"), and their respective owners, members,
17 managers, agents, servants, employees, independent contractors, telemarketers, officers, directors,
18 attorneys, partners, subsidiaries, successors and assigns, or any transferee of the businesses or
19 assets of either Defendant (collectively, "Enjoined Persons"), and those acting in active concert
20 with any of them, be and hereby are immediately and permanently hereafter ENJOINED with
21 respect to the plaintiff, ADT LLC, doing business as ADT SECURITY SERVICES, INC., and its
22 affiliated entities, successors and assigns, ("ADT") from making the following false
23 representations or engaging in the following conduct:

24
25
26 (a) Informing ADT customers that ADT has authorized SECURITY
27 ONE to take over or handle the accounts or technical support service for ADT customer accounts;

1 (b) Informing ADT customers that SECURITY ONE has “bought out”
2 ADT and is ADT’s new security service provider;

3 (c) Informing ADT customers that ADT is not capable of handling its
4 existing clients and therefore is giving SECURITY ONE ADT customer accounts;

5 (d) Representing to ADT customers that SECURITY ONE is affiliated
6 with ADT and that ADT has authorized SECURITY ONE to provide an “upgrade” to the
7 customer’s ADT security system;

8 (e) Informing ADT customers that ADT is transferring select accounts
9 to SECURITY ONE to receive a better rate;

10 (f) Making any false statement that SECURITY ONE is an agent of
11 ADT;

12 (g) Making a false statement to any ADT customer that ADT no longer
13 is doing business, or has limited or eliminated any services;

14 (h) Making any material false statement of fact regarding ADT
15 including, but not limited to, function, performance, capabilities, specifications, features,
16 requirements, reliability, availability, origin, sponsorship, approval, or design of any ADT
17 equipment, alarm systems, sales, or service;

18 (i) Making calls by telephone to any ADT call center or customer
19 support hotline and posing as an ADT customer or potential customer;

20 (j) Making any false representation to any ADT customer while
21 soliciting the customer’s business, including *without limitation*, as it relates to their relationship
22 and/or affiliation with the manufacturer of the customer’s alarm system equipment (i.e. General
23 Electric or Honeywell); and

24 (k) Using Scellusaleads and Pure Clar, their employees, officers,
25 directors, related companies, predecessor/successor companies, affiliates, or subsidiaries for the
26 purpose of generating sales leads for Security One.

27 2. ORDERED and ADJUDGED that the parties will engage in a good-faith effort to
28 resolve any and all allegations of a violation by any Enjoined Person of the terms of this

1 Permanent Injunction without Court intervention. In the event that Defendants or the Enjoined
2 Persons are alleged to have violated the terms of this Permanent Injunction, the following
3 procedure will apply:

- 4 a. ADT shall notify Defendants of the alleged violation, in writing, by stating the
5 name and address of the customer, stating the date (if known) and nature of the
6 alleged violation, and providing such non-privileged information as ADT may
7 possess describing the alleged violation, including, if available, any customer
8 declarations or audio recordings, but not including any private customer data not
9 related to the violation such as Social Security numbers, bank account numbers, or
10 alarm passcodes (the “Notice of Alleged Violation”);
- 11 b. Within fourteen days of receiving a Notice of Alleged Violation, Defendants shall
12 investigate the violation and provide ADT with notice in writing of the steps taken
13 and facts found in the investigation, a statement of whether the alleged violation
14 was correct, and, if correct, the disciplinary action taken against the employee and
15 remedial efforts made for the customer, along with all non-privileged records in
16 Defendants’ control relating to the customer and the investigation (the
17 “Response”); and
- 18 c. Within seven days of receiving the Response, ADT and Defendants shall confer in
19 an attempt to resolve the alleged violation without the necessity of Court
20 intervention; and it is further

21 3. ORDERED and ADJUDGED that in the event ADT and Defendants are unable to
22 resolve any alleged violations amongst themselves through the procedures stated in the preceding
23 paragraph, ADT may file a motion or proceeding with this Court alleging such violation. By
24 agreement of the parties, all parties waive their right to a jury, and no party may demand a jury to
25 decide any of the claims or defenses presented at any such motion or proceeding. By agreement
26 of the parties, the prevailing party in any such motion or proceeding shall be awarded its attorney
27 fees and all costs incurred in it. The Court reserves the right to grant ADT such relief as the
28 Court finds appropriate in the circumstances; and it is further

1 4. ORDERED and ADJUDGED that this Injunction binds the Enjoined Persons
2 immediately and permanently. This Injunction may not be dissolved or modified except under
3 extraordinary circumstances as provided by the Federal Rules of Civil Procedure, or upon a joint
4 application by Defendants and ADT to this Court for relief. This Court retains exclusive
5 jurisdiction ^{for ten years} to hear and decide any requests to construe, enforce, modify or dissolve the
6 Injunction, or to hear and decide any disputes otherwise arising from the Enjoined Persons'
7 compliance with it.

8 SO ORDERED.

9
10 October
11 Dated: ~~September~~ 1, 2013

12
13 
14 The Hon. Yvonne Gonzalez Rogers
15 United States District Judge
16
17
18
19
20
21
22
23
24
25
26
27
28