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**IN THE UNITED STATES DISTRICT COURT**  
**DISTRICT OF UTAH, CENTRAL DIVISION**

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INCENTIVE CAPITAL, LLC, a Utah Limited  
Liability Company,

Plaintiff,

v.

CAMELOT ENTERTAINMENT GROUP,  
INC., a Delaware Corporation; CAMELOT  
FILM GROUP, INC., a Nevada Corporation;  
CAMELOT DISTRIBUTION GROUP, INC.,  
a Nevada Corporation, ROBERT P. ATWELL,  
an individual; JAMIE R. THOMPSON, an  
individual; STEVEN ISTOCK, an individual;  
TED BAER, an individual; PETER  
JAROWEY, an individual,

Defendants.

**DECLARATION OF JAMES MECHAM,  
MANAGER OF PLAINTIFF INCENTIVE  
CAPITAL, LLC**

**IN SUPPORT OF PLAINTIFF'S SECOND  
MOTION FOR TEMPORARY  
RESTRAINING ORDER AND MOTION  
FOR PRELIMINARY INJUNCTION**

Civil No. 2:11-cv-00288

Judge Clark Waddoups

JAMES MECHAM, under penalty of perjury, declares and says:

1. I am an individual over the age of 18, and have personal knowledge of the facts set forth herein.

2. I am a resident of and domiciled in the state of Utah.

3. I am the Manager of Plaintiff Incentive Capital, LLC ("Incentive").

4. I reviewed each of the loan documents referenced herein prior to and after execution.

5. It is my understanding that each of the documents attached hereto is authentic, bears authentic signatures, and was transmitted from the parties either to me directly or to my counsel who in turn provided them to me.

6. For the purposes of this declaration, I will use the following definitions: Camelot Entertainment Group, Inc., a Delaware corporation ("CEG"), Camelot Film Group, Inc., a Nevada corporation ("CFG"), and Camelot Distribution Group, Inc., a Nevada corporation ("CDG") (collectively "Camelot"), Robert P. Atwell, an individual ("Atwell"), Jamie Thompson, an individual ("Thompson"), Steven Istock, an individual ("Istock"), Ted Baer, an individual ("Baer"), and Peter Jarowey, an individual ("Jarowey") (collectively "Atwell Defendants") (Camelot and Atwell Defendants may be collectively referred to herein as the "Defendants").

7. I met with Atwell and Thompson on at least one occasion and engaged in telephone conversations with some or all of the Atwell Defendants at various times.

8. In March of 2010, Defendants approached Incentive for a loan of funds to secure

acquisition of a large library, known as the "Liberation Assets," which is comprised of approximately 880 motion pictures, television programs, and other media, known as the "Liberation Assets." For definitional purposes the term "Liberation Library" means both the Liberation Assets and the "Distribution Assets" as more fully defined below.

9. On or about April 27, 2011, Incentive and CFG entered into a "Promissory Note Term Loan" ("Note") for the principal amount of \$650,000 ("Principal"). See Note, a true and correct copy of which is attached hereto as Exhibit A.

10. Incentive funded the Note in two stages. First, it provided \$500,000 upon execution of the Note, on or about April 27, 2011. Ex. A, at p. 1, First Paragraph. Second, it provided another \$150,000 ("Operational Advance") in accordance with Camelot meeting certain obligations set forth in paragraph 1 of the Note, and the "Modification Agreement" (defined below). *Id.*

11. The Note provides that interest shall accrue at a rate of 1.5% per month, with a minimum interest period of six (6) months. *Id.*, at p. 1, Second Paragraph. The interest was payable on a monthly basis. *Id.*

12. The \$650,000 Principal plus, any outstanding interest, and an origination fee and a closing fee totaling \$32,500 was subject to a balloon payment ("Balloon Payment") at the "Maturity" date: January 31, 2011. *Id.*, at p. 1, First Paragraph.

13. The Note also references a requirement that Camelot pay 10% of all gross proceeds derived from the Liberation Assets, as more fully described in the Profit Participation

Agreement (defined below). *Id.*

14. Attached as Exhibit A to the Note is a spreadsheet initialed by Camelot's CEO Robert Atwell representing gross proceeds to be generated from the Liberation Assets ("Gross Revenue Representations"), as follows:

- a. Estimated Total Value (low): \$22,845,000
- b. Short Term Sales Potential (10%) [payable to Incentive]: \$2,284,500
- c. Estimated Total Value (med): \$41,536,500
- d. Short Term Sales Potential (10%) (med) [payable to Incentive]:  
\$4,153,650.

15. In relation to the Gross Revenue Representations, the Note provides the following "Warranties":

6. The Borrower [CFG] has furnished to the Lender financial assumptions which, in the opinion of Borrower, fairly and accurately reflect the financial assumptions for the operations of Borrower, and there has been no material adverse change in the Borrower's financial prospects since that date which would require revision of the same;

7. The Borrower represents and warrants that the international sales projections previously provided by Borrower in connection with the parties' initial term sheet shall not vary by more than 25% less than that represented therein on the estimated low value and short term sales potential 10% columns. A copy of the international sales projections is attached hereto [to the Note] as Exhibit A.

*Id.*, at p. 3, ¶¶ 6 – 7. (The Gross Revenue Representations and Warranties shall be collectively referred to as "Representations.")

16. It was Incentive's understanding that these Representations made by Atwell

himself on behalf of Camelot were accurate, and that Incentive would receive at least 25% of \$2,284,500 to \$4,153,650 in gross participation from the Library.

17. Incentive materially relied upon Camelot's, Atwell's, Thompson's, Jarowey's, and Baer's representations that Incentive would receive at least 25% of \$2,284,500 to \$4,153,650 in gross participation from the Library in entering into the Note.

18. Paragraph 7 of the Note states that the same day that the Note was entered into, on April 27, 2010: "Borrower [CFG] has secured this Note with one or more security agreements of even date herewith. This Note is guaranteed by each of (a) Camelot Distribution Group, Inc., a Nevada corporation qualified to do business in California with places of business at 318 North Carson Street, Suite 208, Carson City, Nevada 89701 and at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608; (b) Camelot Entertainment Group, Inc., a Delaware corporation qualified to do business in California with a place of business at 10 Universal City Plaza NBC/Universal Building, 20th Floor, Universal City, CA 91608; and (c) Robert P. Atwell, with an address of 28852 Rockport Drive, Laguna Niguel, CA 92677 (individually and collectively, "Guarantors") under guaranty agreements of even date herewith. As used in this Note, the term "Obligor" means (i) a person whose credit or any of whose property is pledged to payment of this Note and includes, without limitation, any Guarantor; and (ii) any signatory to a Loan Document." *Id.*, at p. 3, ¶ 7 (True and correct copies of the "CEG Guaranty," the "Atwell Guaranty," and the "CDG Guaranty" are attached hereto as Exhibit B, Exhibit C, and Exhibit D, respectively.)

19. The Note, and the CEG, Atwell and CDG Guarantees (collectively the “Guarantees”) are secured by collateral described in two security agreements, one of which is between Incentive and CDG (the “CDG Security Agreement”), a true and correct copy of which is attached hereto as Exhibit E.

20. The CDG Security Agreement pledges as security collateral described as “Distribution Assets,” a series of thirteen (13) films being distributed by CDG, attached as Schedule 1 to the CDG Security Agreement, as follows:

1. Grant of Security Interest. Debtor [CDG] hereby grants to the Secured Party [Incentive] a continuing first priority security interest in all property identified on Schedule 1 attached hereto and by this reference incorporated herein, and all products and proceeds thereof, including (a) the Distribution Assets [motion picture titles Samurai Avenger; First Strike; Screwball The Ted Whitfield Story (aka The Wiffler); The Fallen; One Lucky Dog (aka Weiner Dog Nationals); Never Sleep Again; Hellraiser Unleashed; Fink!; Nude Nuns with Big Guns; Zombie Culture; National Lampoons Dirty Movie; Who is KK Downey; Next of Kin]; (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Distribution Assets in all media, from all sources, worldwide during the term hereof; and (c) other assets of the Debtor as set forth on said Schedule 1 (collectively, the “Collateral”).

Ex. E, p. 1, Section B, ¶ 1.

21. The CDG Security Agreement contains provisions permitting inspection and prohibiting CDG from selling, assigning, or licensing of the library except in the normal course of business:

... 5(e) Inspection. Debtor shall give the Secured Party such information as may be reasonably requested concerning the Collateral and shall during regular business hours and upon reasonable notice during the continuance of an Event of Default, permit the Secured Party and its agents and representatives to have full access to and the right to examine, audit and make copies and abstracts from any

and all of Debtor's books and records pertaining to the Collateral, to confirm and verify the value of the Collateral and to do whatever else the Secured Party reasonably may deem necessary or desirable to protect its interests. Furthermore, Debtor agrees to furnish promptly to the Secured Party such information regarding the financial condition or business of Debtor or the Collateral as the Secured Party may reasonably request, and all such information hereafter furnished to the Secured Party by Debtor will be true and correct in all material respects when furnished. . . .

. . . 7. Negative Covenants. Debtor covenants and agrees that until such time as the Note is indefeasibly paid or otherwise satisfied in full, without the prior written consent of the Secured Party:

(a) Sale or Hypothecation of Collateral. Debtor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise (i) sell, assign, license, transfer, exchange, lease, lend, grant any option with respect to or dispose of any of the Collateral or any of Debtor's rights therein, except for sales, assignments, licenses, transfers, exchanges, leases or loans in the ordinary course of the Debtor's business; nor (ii) create or permit to exist any lien on or with respect to any of the Collateral. The inclusion of "proceeds" as a component of the Collateral shall not be deemed a consent by the Secured Party to any sale, assignment, transfer, exchange, lease, loan, granting of an option with respect to or disposition of all or any part of the Collateral. . . .

*Id.*, at pp. 4 – 5, Section B, ¶¶ 6(e) and 7(a).

22. Incentive has not been permitted its inspection rights as provided for in the CDG Security Agreement.

23. The CDG Security Agreement also provides:

. . . 5(f) Employment of Jamie Thompson: Debtor has entered into an employment agreement with Jamie Thompson ("Thompson") as of September 1, 2009 (the "Employment Agreement"), whereunder Thompson shall render services as President of Debtor to, among other responsibilities, manage and supervise Debtor's general business operations, including without limitation services in connection with the exploitation of the Liberation Assets. Debtor hereby acknowledges and agrees that it shall use its best efforts to continue Thompson's Employment Agreement for a period of five (5) years from the date hereof. During said period of the Employment Agreement, Thompson shall be primarily responsible for the exploitation of the Liberation Assets. . . .

*Id.*, at p. 3, Section B, ¶ 5(f).

24. Thompson ceased working for Camelot in mid-February 2011. One of the reasons that Thompson ceased working for Camelot is that Camelot failed to renew its employment agreement with Thompson.

25. Thompson's employment with Camelot was a material condition to Incentive entering into the Note and other agreements, because it was Thompson who prepared the sales projections attached as Exhibit A to the Note and it was Thompson's representations about his abilities to generate revenue as the President of Distribution that induced Incentive to provide the loan.

26. Thompson was integral in explaining the revenue potential for the Liberation Library and setting benchmarks for Camelot.

27. The parties entered into a separate Security and Participation Agreement between Incentive and CFG (the "CFG Security Agreement" or "Profit Participation Agreement"), a true and correct copy of which is attached hereto as Exhibit F.

28. The CFG Security Agreement pledges as security the "Liberation Assets," as follows:

. . . 1. Grant of Security Interest. Debtor [CFG] hereby grants to the Secured Party [Incentive] a continuing first priority security interest in all property identified on Schedule I attached hereto and by this reference incorporated herein, and all products and proceeds thereof, including (a) the Liberation Assets; (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Liberation Assets in all media, from all sources, worldwide during the term hereof; and (c) other assets of the Debtor as set forth on said Schedule I (collectively, the "Collateral")." . . .



Ex. F, at p. 1, ¶ 1.

29. The CFG Security Agreement contains Inspection and Negative Covenants (Sale or Hypothecation of Collateral) provisions identical to the CDG Security Agreement. *Id.*, at p. 6, ¶¶ 6(e) and 7(a).

30. The CFG Security Agreement contains an Employment of Jamie Thompson provision identical to the CDG Security Agreement. *Id.*, at p. 5, ¶ 5(f).

31. A list of some or all of the Liberation Assets is attached hereto as **Exhibit G**.

32. As stated above, I shall refer to the Distribution Assets and the Liberation Assets collectively as the “Liberation Library.”

33. The CFG Security Agreement (Profit Participation Agreement) provides that CFG (“Debtor”) shall pay to Incentive (“Secured Party”) ten percent (10%) of one hundred percent (100%) of all gross revenues received by CFG within 14 days of receiving any such revenue, from any third party paying Camelot revenues in connection with Camelot’s exploitation of the Liberation Assets in all media, worldwide, from all sources (the “Camelot Revenue”), for an initial period of five (5) years (“Initial Period”) from the date of the Security Agreement. Ex. F, p. 2, ¶ 2(a). After the initial Period Camelot shall pay the Secured Party two and one half (2.5%) of all such revenues. *Id.*

34. The Guarantees are further secured by collateral described in a separate escrow agreement between Incentive and CEG (the “Escrow Agreement”), a true and correct copy of which is attached hereto as **Exhibit H**.

35. The Escrow Agreement requires that a share certificate valued at the Principal amount of \$650,000 worth of CEG Class F Convertible Preferred shares ("Pledged Shares") shall be delivered to an unnamed escrow agent. Ex. H, at p. 1, ¶ 1(a).

36. The Pledged Shares made out to Incentive "shall be convertible into fully paid and non-assessable shares of CEG common stock . . . While in escrow, none of CEG or its affiliates shall transfer, assign or encumber any of the Pledged Shares or the Certificate." *Id.*, at p. 1, ¶ 1(b).

37. In connection with the Profit Participation Agreement, Camelot agreed to meet minimum benchmark guarantees of profit generation.

38. It was only a matter of months after Incentive made the loan that Camelot was seriously underperforming on its agreed-to benchmarks pursuant to the Gross Revenue Representations set forth in Exhibit A to the Note for distributing the Liberation Assets.

39. On Wednesday, June 2, 2010, I caused Incentive's legal counsel to send a letter to Camelot entitled "Notice and No Waiver." A true and correct copy is attached hereto has

**Exhibit I.**

40. The June 2, 2010 letter states:

. . .[T]here is no question that the amount of revenue generated by the acquisition represented by Camelot was and continues to be "material." It was represented to Incentive Capital that the film library was currently generating \$150,000 of gross revenues each month. We reminded you of this material representation in our email to you on April 27th, which reads in relevant part as follows:

The lender is "uneasy about advancing operational funds to a distributor before having some level of comfort that the distributor will perform as

agreed – i.e., make its participation payments. As you have represented to us that the library now generates approximately \$150,000 in gross revenues monthly, this should not pose much of a hardship.”

Your representations in the final Note confirm this to be the case and specifically reference the sales projections enclosed herewith as Exhibit A. The Note states in pertinent part that payment is ‘conditioned upon the (a) Borrower’s and Guarantors’ performance of all other obligations under th[e] Note and the related loan documents . . . (b) all representations and warranties by Borrower and the Guarantors in the Loan Documents being true and accurate . . .

. . . Incentive Capital now believes that the Warranties set forth in the Note are in breach. That relevant section of the Note reads: ‘The Borrower represents that the international sales projections previously provided by Borrower in connection with the parties’ initial term sheet shall not vary by more than 25% less than that represented therein on the estimated low value and short term sales potential 10% columns. A copy of the international sales projections is attached hereto as Exhibit A.

Thus, it continues to be Incentive Capital’s express understanding of the parties’ agreements that in addition to your representations that \$150,000 was being generated by the film library at the time it was acquired, that the ‘Short Term Sales Potential’ payments to Incentive Capital of 10% of gross are \$2,284,500. This representation has been relied upon by Incentive Capital.

If the forgoing constitute accurate and truthful representations by Camelot, then during the month of May 2010 the lender should have received no less than \$15,000 in participation payments. However, to date the lender has only received a participation payment of \$1,012.22 on May 26, 2010 and on May 21, 2010 a payment of \$4,400. The total participation payments to-date equal \$5,412.22, which constitutes 10% of \$54,122. The lender has also received \$6,750 in interest payments.

To make sure that there was a meeting of the minds between lender and borrower on this critical issue, the Note provides for operational advances on the express condition that all representations be accurate and true, including (as mentioned above) the representation that the film library would generate revenues within 25% of the projections provided by borrower to lender (which were attached as an exhibit to the Note and incorporated by reference). Those projections indicate that the library will generate \$22,845,000 annually (under the “Estimated Total Value – Low” column”). The film library would need to generate gross revenues of approximately \$1,427,812.50 per month in order to hit the annualized target amount of \$17,133,750 (given the 25% margin provided for in the Note). Clearly, the participation payments made to lender thus far show that borrower’s

exploitation of the film library is generating revenues far below the projected amounts.

Based upon the participation payments received to date, lender is concerned that one of two things is happening: (a) borrower is not generating monthly gross revenues as it represented in order to induce lender to make this loan, or (b) borrower is not making the full participation payments as required under the loan documents. Despite the occurrence of what lender believes to be material breaches of the loan documents by borrower, lender, without waiving its rights and remedies under the loan documents, has made the promised operational advances to borrower. . . .

Ex. I.

41. Previously, on March 24, 2010, Camelot's representative Defendant Peter

Jarowey sent an e-mail to our counsel stating:

It took me awhile to locate the best document to provide the detail on revenue distribution for the Liberation Library. Attached is an income statement with actuals through 9/30/2009 and monthly forecasts for the 4Q 2009. The forecast actually came in very close the final numbers for 2009. This will give you a sense of the annual and monthly cash generation. Also included in the file for your consideration, are SGA actuals for 2009 and SGA an estimate for 2010. As you know, Camelot will not be acquiring any overhead in its purchase of the Liberation assets, so all the estimated SGA goes to the bottom line.

This responds to your request for specific revenue figures as we discussed the other day. After reading your note to Jamie yesterday regarding the "independent review of the library", I believe these numbers serve to solidly support that, in fact, the library does generate significant revenue exclusive of some of the territories Jamie is focusing on-- supporting the cash price the Company is paying. Jamie plans to get back to you directly on the specifics raised in your email to him, but the attached is my contribution to the position that the Liberation assets are a good buy and can generate sufficient cash flow to pay back the loan in short order.

A true and correct copy of the 3/24/10 Jarowey E-mail is attached hereto as **Exhibit J**.

42. Attached to the March 24, 2010 Jarowey Letter is a spreadsheet with three tabs:

(1) Year to Date Revenue; (2) 2009 Forecast and SGA Detail; (3) SGA 2009 & 2010 Forecasts.

A true and correct copy of the spreadsheets are attached with the letter in Exhibit J.

43. Tab 1, Year to Date Revenue shows total revenues on the Liberation Assets of \$6,004,373. Ex. J.

44. On March 30, 2010 Jarowey sent a follow-up e-mail stating that his estimate of monthly gross revenue for the Liberation Assets was and would continue to be “around \$200,000 per month net of the overhead reductions, maybe more [c]ould be as much as \$300,000 per month.” A true and correct copy of the 3/30/10 Jarowey E-mail is attached hereto as Exhibit K.

45. Incentive materially relied upon Mr. Jarowey’s representations in the March 24, 2010 e-mail and the March 30, 2010 e-mail.

46. Camelot eventually disclosed that it had financial problems and was unable to perform in accordance with its representations. After many futile attempts to work out the issues, Camelot defaulted.

47. In light of Camelot’s breaches and shortfall on its represented gross revenue projections, on or about June 11, 2010, Incentive agreed to enter into a loan modification agreement with Camelot and Mr. Atwell (the “Loan Modification Agreement”), whereby Camelot agreed to meet certain sales and payment benchmarks in addition to their obligations under the Note. A true and correct copy of the Loan Modification Agreement is attached hereto as Exhibit L. In exchange, Incentive agreed to continue its monetary advances to CFG and to refrain from instituting legal action against Camelot and Mr. Atwell. *Id.*

48. The Loan Modification Agreement states:

... In order to induce Lender [Incentive] to make the Loan to Borrower [CFG], each of the Guarantors executed and delivered to Lender a Commercial Guaranty

(collectively, the “*Guaranties*” and together with the Note, and the Participation Agreement, and all other related agreements executed by both Parties in connection with the Loan, (collectively, the “*Loan Documents*” as further defined in the Note) dated April 27, 2010, whereby in the Guaranties each of the Guarantors guaranteed the obligations of Borrower to Lender under the Loan. . . .

. . . By no later than April 27, 2011 (the “Deadline”), Borrower shall use its best efforts to generate sales from the exploitation of the “Liberation Assets” (as defined in the Loan Documents) in an amount not less than \$2,284,500 (the “*Minimum Sales Target*”).

In the event Borrower fails to meet the Minimum Sales Target by the Deadline, then interest shall accrue on the “Deficiency Amount” (defined as the difference between Borrower’s actual gross sales revenue and the Minimum Sales Target) at the rate of 1.50% per month (the “*Shortfall Interest*”), commencing as of the Deadline. Borrower shall make monthly payments of all accrued but unpaid Shortfall Interest on the last day of each such month thereafter where there is accrued but unpaid Shortfall Interest, which payments shall be made in cash or the “Cash Equivalent Stock” of CEG’s common tradeable stock, in Borrower’s discretion. Cash Equivalent Stock shall be valued at the point of sale and shall be the actual sale price of the stock. . . .

*Id.*, at p. 1, “Recitals” Section, ¶ C; p. 2, “Agreement” Section, ¶¶ 2(A) and 2(B) (emphasis in original).

49. The Loan Modification Agreement is signed by Incentive, CFG, CDG, CEG, and Atwell.

50. Camelot and Atwell failed to meet the Minimum Sales Target.

51. For the months starting April 27, 2010 through December 27, 2010, Camelot substantially made its monthly 1.5% Interest payments on the Note.

52. Camelot failed to make the Balloon Payment on January 31, 2011 of \$682,500 and was in default under the Note.

53. Camelot has breached the provisions of the Note.

54. After many unsuccessful attempts to settle the matter, Incentive began steps to foreclose on the collateral set forth in the Security and Guaranty Agreements.

55. On or about, February 7, 2011 (one week after the Balloon Payment was due), Camelot's counsel sent a letter to Incentive *via* its counsel with a subject line: "Satisfaction of Loan and Guaranty." A true and correct copy of the 2/7/11 Camelot Letter is attached hereto as **Exhibit M.**

56. The letter states that "as of February 1, 2011, CEG, on behalf of CFG, has issued 1,912,086 shares of CEG Class F Convertible Preferred Stock . . . to Lender, which [according to Camelot's calculations has] an aggregate value of \$666,888" and constitutes "full satisfaction of the obligations of CEG and CFG." *Id.*

57. No shares were tendered in connection with the 2/7/11 letter.

58. On February 21, 2011 at 9:00 A.M., Incentive held a creditor's sale ("Foreclosure Sale") in the state of Utah to foreclose on the collateral set forth in the Security Agreements, namely the Liberation Assets and the Distribution Assets, which have been collectively defined as the Liberation Library.

59. Also on February 21, 2011, Incentive issued a Transfer Statement to Debtors stating, among other things:

The debtors, Camelot Distribution Group, Inc., Camelot Entertainment Group, Inc., and Camelot Film Group, Inc. (collectively, "Debtor"), defaulted under their loan obligations to the secured party, Incentive Capital, LLC (the "Secured Party"). As a result thereof, the Secured Party, pursuant to its Notice of Disposition of Collateral by Public Sale dated February 9, 2011, did conduct a public sale of the following personal property constituting a portion of Secured Party's collateral (the "Collateral"):

All of Debtor's rights to the film library described herein below and referred to as the "Distribution Assets", along with all products and proceeds of or from (a) the Distribution Assets; and (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Distribution Assets in all media, from all sources, worldwide during the term hereof. The Distribution Assets include without limitation the following films, and all of Debtor's right, title and interest therein, including distribution rights, royalty interests, and contract/account payments: Samurai Avenger; First Strike; Screwball: The Ted Whitfield Story (aka The Wiffler); The Fallen; One Lucky Dog (aka Weiner Dog Nationals); Never Sleep Again; Hellraiser Unleashed; Fink!; Nude Nuns With Big Guns; Zombie Culture; National Lampoons Dirty Movie; Who Is KK Downey; and Next of Kin.

All of Debtor's personal property assets and interests as more particularly described in the Asset Purchase Agreement (the "Asset Purchase Agreement") dated April 28, 2010 between Camelot Film Group, Inc., a Nevada corporation, on the one hand, and CMBG Advisors, Inc., a California corporation in its sole and limited capacity as assignee for the benefit of creditors of Liberation Group, Inc., on the other hand, and all products and proceeds thereof, including without limitation (a) that certain film library referred to as the Liberation Assets (as defined in the Asset Purchase Agreement); (b) all accounts, negotiable instruments, chattel paper and electronic chattel paper, general intangibles, proceeds, and monies derived from the disposition or other exploitation of the Liberation Assets in all media, from all sources, worldwide during the term hereof; and (c) other assets of the Debtor as set forth in the Asset Purchase Agreement.

See Transfer Statement, attached hereto as **Exhibit N**.

60. As of that date of the foreclosure sale it is my understanding that Incentive became the legal title holder to the Liberation Library.

61. On or about March 1, 2011, CEG sent Incentive a share certificate listing 1,912,086 shares of Series F Preferred Stock. A true and correct copy of the Share Certificate is attached hereto as **Exhibit O**.



62. On or about March 10, 2011, I caused Incentive's counsel to send a letter responding to the March 1, 2011 delivery of the Stock Certificate, stating:

Enclosed with this letter is a Stock Certificate that was delivered to this office. We did not request the certificate, nor do we accept it as some form of payment due under the various agreements entered into between Incentive Capital, LLC and Camelot Entertainment Group, Inc. and its affiliates.

A true and correct copy of the March 10, 2011 letter is attached hereto as Exhibit P.

63. Based on the most recent stock quote provided by Camelot on their website, their current stock value is \$0.0001 per share, with total monthly earnings of \$391.75. It is my understanding that the stock has essentially been in lock-down for months, unable to trade more than a few thousand dollars per day.

64. A recent investigation by my broker indicated that there is no discernable market for Camelot's stock and it cannot be readily liquidated.

65. It is my understanding that Mr. Atwell, as a guarantor, has few or no assets because, among other things, he pledged all of his assets towards the building of a motion picture studio resulting in the loss of his home and other value.

66. Prior to and after Incentive entered into the loan transactions, Camelot and some of the Atwell Defendants provided a detailed spreadsheet listing the titles in the Liberation Assets and the rights that had been licensed and sold and the available rights for future exploitation on a territory by territory basis, as well as by a media basis such as theatrical, ancillary, video, pay-per-view, payTV, FreeTV, Internet, merchandising, music, publishing, clip,

remake, and the like. A true and correct copy of "Commercialization Spreadsheet" is attached hereto as **Exhibit Q**.

67. Camelot and its representatives represented that once a fractionalized right is sold or licensed, it is generally unavailable for years or even decades and there is no way to undo the deal without creating additional litigation and a permanent taint on the marketplace relative to that particular license or sale.

68. Camelot provided Incentive with a series of agreements showing some of the types of agreements that it had entered into with various buyers and distributors relative to the Liberation Library. A true and correct copy of the series of the "Distribution Agreements" is attached hereto as **Exhibit R**.

69. The Distribution Agreements show that the license periods range from a few months to 1, 2.5, 3, 5, 9, 10, years. Ex. R.

70. Camelot has informed Incentive's counsel that it is continuing to exploit the Liberation Library by entering into license and sale agreements similar to the Distribution Agreements, and is intending to transfer titles in the Liberation Library during the Cannes Film Market, mid-May 2011.

71. Camelot and the Atwell Defendants refuse to acknowledge the ownership interests of Incentive and are improperly maintaining control over the funds, physical property, and intellectual property, including contracts and payment rights in contravention of Incentive's ownership rights.

72. Camelot and the Atwell Defendants are holding themselves out to the world as the owners of the Liberation Library.

73. CDG also wrongfully filed a copyright infringement action in California federal court against nearly 5,865 doe defendants who have allegedly downloaded one or more of the Liberation Library films without authorization. I understand the law suit to be styled *Camelot Distribution Group, Inc. v. Does 5865, inclusive*, Central District of California, Case No.: CV11-01949 DDP (FMOX) ("Infringement Suit").

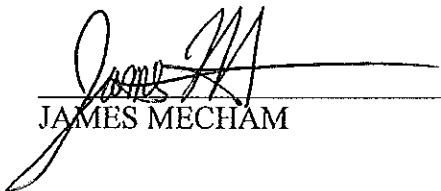
74. CDG claims to possess exclusive rights to distribute the Liberation Library. Contrary to such representations, all distribution and ownership rights belong solely to Incentive.

75. It is my understanding that Camelot and the Atwell Defendants are diverting and converting revenue that is being generated from the Liberation Library that rightfully belongs to Incentive.

76. Camelot and the Atwell Defendants are wrongfully holding and refusing to provide information regarding the location of physical elements of the Liberation Library, such as where master video and audio recordings are stored, the many licensing contracts, where revenue and funds are being deposited that are derived from the Liberation Library.

Dated: May 4, 2011

Salt Lake City, Utah



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JAMES MECHAM

## INDEX OF EXHIBITS

Exhibit A-	Incentive and CFG Promissory Note Term Loan
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EXHIBIT A

Promissory Note  
Term Loan

\$650,000.00

April 27, 2010

FOR VALUE RECEIVED, CAMELOT FILM GROUP, INC., a Nevada corporation qualified to do business in California with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608 ("**Borrower**"), shall pay to the order of INCENTIVE CAPITAL, LLC, a Utah limited liability company with a place of business at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("**Lender**"), the principal amount of Six Hundred Fifty Thousand and No/100 Dollars (\$650,000.00) plus interest from this date until paid. The principal amount together with accrued interest thereon shall be due and payable on January 31, 2011 ("**Maturity**"). Lender has advanced the initial principal amount of \$500,000 to Borrower. Within fourteen (14) days from the date that Borrower makes at least one "Distribution Payment" (defined below and in the Security Agreement, incorporated herein by this reference, to Lender as set forth herein and in the Security Agreement, Lender shall advance \$60,000 to Borrower ("**Additional Principal Amount**"); the remaining \$90,000 (the \$150,000 constituting the "**Operational Advance**") shall be disbursed to Borrower as follows: \$45,000 to Borrower on or before May 27, 2010, which shall be conditioned upon (a) Borrower's and Guarantors' performance of all other obligations under this Note and the related loan documents executed concurrently herewith (the "**Loan Documents**"); and (b) all representations and warranties by Borrower and the Guarantors in the Loan Documents being true and accurate; and \$45,000 to Borrower on or before June 27, 2010, which shall be conditioned upon (c) Lender's reasonable satisfaction with Borrower's efforts to exploit the Liberation Assets being purchased with the initial principal advance hereunder upon confirming that all of the representations and warranties of Borrower are accurate and upon receiving at least one other (a second) distribution payment on the 10% of gross (defined as the "Distribution Payments") set forth in the Security Agreement (incorporated herein by this reference). Any and all Distribution Payments to Lender must be accompanied by verifiable documentation supporting the calculation of the distribution amount. In other words, the Distribution Payment must actually be derived from 10% of the gross revenue generated from the exploitation of the Library as further set forth in this and the other contemporaneous documents executed herewith.

**Interest.** Borrower shall pay interest on all principal amounts advanced hereunder at the rate of one and one-half percent (1.50%) per month. All computations of interest shall be made on the basis of a 360-day year and paid for the actual number of days elapsed. Whether or not this Note is prepaid, Borrower shall pay Lender no less than six (6) months of interest – or nine percent (9%) – on the principal amount advanced hereunder.

**Payments.** Commencing May 27, 2010, and continuing on the 27<sup>th</sup> day of each consecutive month until Maturity, Borrower shall pay interest then accrued and unpaid on the outstanding balance of this Note. At Maturity or the earlier acceleration of this Note, Borrower shall pay the entire principal amount, plus all accrued and unpaid interest and fees due as set forth in the Loan Documents hereinafter defined. Borrower shall make all payments on this Note to Lender at its address stated above, or at such other place as the Lender or any other holder of this Note may designate. Borrower may make prepayments of principal at any time. For any payment due under this Note not made within ten (10) Business Days after its due date, Borrower shall pay a late fee equal to the greater of five percent (5%) of the amount of the payment not made or \$50.00. Lender shall apply all payments received on this Note to any unpaid late charges and prepayment premiums (if any), accrued and unpaid interest then due and owing, and the reduction of principal of this Note, in such order and in such amounts as Lender may

determine from time to time. The sum or sums shown on Lender's records shall be rebuttably presumptive of the correct unpaid balance of principal and interest on this Note. If any payment comes due on a day that is not a Business Day, Borrower may make the payment on the first Business Day following the payment date and pay the additional interest accrued to the date of payment. "Business Day" means a day of the year on which banks are not required or authorized by law to close in Salt Lake City, Utah.

**Fees.** As additional consideration for the extension of credit by Lender evidenced by this Note, Borrower shall pay Lender (a) a closing fee, and (b) an origination fee, each in the amount of Sixteen Thousand Two Hundred Fifty Dollars (\$16,250.00), for a total of Thirty Two Thousand Five Hundred Dollars (\$32,500.00), on or before the date of Maturity. The said closing fee and origination fee shall be included in the principal amount of this Note and shall be deemed a principal advance under the terms of this Note, and said fees shall bear interest under this Note as set forth herein above. As further consideration, \$20,000 in legal fees shall be withheld by Lender as follows: \$10,000 from the Additional Principal Amount; \$5,000 from the May 27, 2010 Operational Advance; and \$5,000 from the June 27, 2010 Operational Advance.

**Default Rate.** At Lender's election, without notice or demand, Borrower shall pay interest at the rate of three and one-half percent (3.50%) per month ("**Default Rate**") on the outstanding balance of this Note during the period that any Event of Default exists (as defined below), on past due interest on this Note, on all other amounts payable to Lender by Borrower in connection with this Note, and on any unsatisfied judgment on this Note. In no event, however, shall the interest rate on this Note exceed the highest rate permitted by law.

**Warranties.** The Borrower and each Guarantor hereunder represents and warrants to the Lender (which representations and warranties will survive the delivery of the Note) that:

1. Borrower and Guarantors are each corporations duly organized, validly existing and in good standing under the laws of the State of incorporation of each as set forth herein and has all requisite power and authority to own its property and to carry on its business as now being conducted, to execute and deliver this Note and all other instruments, agreements, and documents entered into from time to time, evidencing or securing this loan or any obligation of payment thereof or performance of Borrower's or Guarantors' obligations in connection with the transactions contemplated hereunder, each as amended (collectively referred to as "**Loan Documents**"), and to carry out the provisions and conditions of the Note and Loan Documents. Borrower is duly qualified to do business and is in good standing in every jurisdiction where the failure to so qualify would have a material adverse effect.

2. Borrower and Guarantors have full power, authority and legal right to incur the obligations provided for in, and to execute and deliver and to perform and observe the terms and provisions of this Note and the Loan Documents; each of them has been duly executed and delivered by Borrower and Guarantors and have been authorized by all required action; Borrower and Guarantors have obtained all requisite consents to the transactions contemplated thereby; and this Note and the Loan Documents constitute the legal, valid and binding obligations of Borrower and Guarantors enforceable against Borrower and Guarantors in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency or other similar laws affecting creditors' rights generally.

3. Neither the execution and delivery of this Note and the Loan Documents, nor the compliance by Borrower and Guarantors with the terms and conditions of this Note and the Loan Documents, nor the



consummation of the transactions contemplated thereby, will conflict with or result in a breach of the Articles of Incorporation or Code of Regulations, as applicable, or other governing documents of Borrower or Guarantors, or any of the terms, conditions or provisions of any agreement or instrument or any charter or other corporate restriction or law, regulation, rule or order of any governmental body or agency to which Borrower or Guarantors are now a party or is subject, or imposition of a lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower or Guarantors pursuant to the terms of any such agreement or instrument.

4. No consent, approval, authorization or order of any court or governmental agency or body is required for the consummation by Borrower or Guarantors of the transactions contemplated by this Note and the Loan Documents.

5. Neither the Borrower nor either of the Guarantors is (i) in material default under any indenture or contract or agreement to which it is a party or by which it is bound; (ii) in violation of its articles of incorporation or Code of Regulations, as applicable, or any other governing document; (iii) in default with respect to any order, writ, injunction or decree of any court; or (iv) in default under any order or license of any federal or state governmental department. There exists no condition, event or act which constitutes, or after notice or lapse of time or both would constitute, an Event of Default.

6. The Borrower has furnished to the Lender financial assumptions which, in the opinion of Borrower, fairly and accurately reflect the financial assumptions for the operations of Borrower, and there has been no material adverse change in the Borrower's financial prospects since that date which would require revision of the same.

7. The Borrower represents and warrants that the international sales projections previously provided by Borrower in connection with the parties' initial term sheet shall not vary by more than 25% less than that represented therein on the estimated low value and short term sales potential 10% columns. A copy of the international sales projections is attached hereto as Exhibit A.

**Collateral/Guaranties.** Borrower has secured this Note with one or more security agreements of even date herewith. This Note is guaranteed by each of (a) Camelot Distribution Group, Inc., a Nevada corporation qualified to do business in California with places of business at 318 North Carson Street, Suite 208, Carson City, Nevada 89701 and at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608; (b) Camelot Entertainment Group, Inc., a Delaware corporation qualified to do business in California with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608; and (c) Robert P. Atwell, with an address of 28852 Rockport Drive, Laguna Niguel, CA 92677 (individually and collectively, "*Guarantors*") under guaranty agreements of even date herewith. As used in this Note, the term "*Obligor*" means (i) a person whose credit or any of whose property is pledged to payment of this Note and includes, without limitation, any Guarantor; and (ii) any signatory to a Loan Document.

**Events of Default.** The occurrence of any one or more of the following events shall constitute an Event of Default under this Note:

1. If (a) the interest hereunder or any commitment or other fee due under the Loan Documents shall not be paid in full punctually when due and payable or within five (5) Business Days thereafter, or (b) the principal hereof shall not be paid in full punctually when due and payable.

2. If Borrower or any Obligor fails to perform or observe any covenant or agreement (other than as referred to in (1) above) contained in this Note or in any other of the Loan Documents, and such failure remains unremedied for thirty (30) days after the Lender gives notice thereof to Borrower or such Obligor.

3. If any representation, warranty or statement made in or pursuant to this Note or any Loan Document or any other material information furnished by Borrower or any Obligor to Lender or any other holder of this Note, shall be materially false or erroneous.

4. If (a) any material provision, in the sole but reasonable opinion of Lender, of this Note or any Loan Document shall at any time for any reason cease to be valid, binding and enforceable against Borrower or any Obligor; (b) the validity, binding effect or enforceability of this Note or any Loan Document against Borrower or any Obligor shall be contested by Borrower or any Obligor without legal justification; (c) Borrower or any Obligor shall deny that it has any or further liability or obligation thereunder without legal justification; or (d) any Loan Document shall be terminated, invalidated or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to Lender the benefits purported to be created thereby without legal justification.

5. If any event of default or default shall occur under any other Loan Document, or if under any Loan Document any payment is required to be made by Borrower or any Obligor on demand of Lender, such demand is made but such payment is not made.

6. If Borrower shall default in the payment of principal or interest due and owing upon any other material obligation for borrowed money, beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such indebtedness or to permit the holder thereof to cause such indebtedness to become due prior to its stated maturity and such default is not cured by Borrower.

7. A final judgment or order for the payment of a material amount of money shall be rendered against Borrower or any Obligor by a court of competent jurisdiction, that remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) of thirty (30) days after the date on which the right to appeal has expired.

8. There shall have occurred any condition or event that Lender reasonably determines has or is reasonably likely to have a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) or prospects of Borrower; (b) the business, operations, property or condition (financial or otherwise) of Borrower and its subsidiaries, if any, taken as a whole; or (c) the validity or enforceability of this Note or any of the other Loan Documents or the rights and remedies of Lender hereunder or thereunder.

9. If Borrower or any Obligor shall (a) discontinue business, (b) generally not pay its debts as such debts become due, (c) make a general assignment for the benefit of creditors, (d) apply for or consent to the appointment of a receiver, a custodian, a trustee, an interim trustee or liquidator of all or a substantial part of its assets, (e) be adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, as the same may be amended from time to time, (f) file a voluntary petition in bankruptcy or file a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations of a petition filed against it

in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors, (g) suffer or permit to continue unstayed and in effect for thirty (30) consecutive days any judgment, decree or order entered by a court of competent jurisdiction, that approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator of all or a substantial part of its assets, or (h) take any action in order thereby to effect any of the foregoing, or omit to take, any action in order to prevent any of the foregoing.

**Remedies upon Default.** If any Event of Default shall occur, Lender may, at its election, and without demand or notice of any kind, do any one or more of the following:

1. Declare all of the Borrower's obligations to Lender under this Note immediately due and payable, whereupon all unpaid principal, interest and fees in respect of this Note and the Loan Documents, together with all of Lender's costs, expenses and attorneys' fees related thereto, under the terms of this Note or otherwise, shall be immediately due and payable;

2. Exercise any and all rights and remedies available to Lender under any applicable law;

3. Exercise any and all rights and remedies granted to Lender under the terms of this Note and any of the other Loan Documents; and/or

4. Set off the unpaid balance hereunder against any debt owing to Borrower by the Lender.

**Governing Law.** This Note shall be construed and enforced under the laws of the State of Utah and any applicable federal laws. Time is of the essence in the payment of this Note. All grace periods in this Note and all other Loan Documents shall run concurrently.

**Notices.** All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on the signature pages of this Note, or if to Lender, mailed or delivered to it, addressed to the address of Lender specified on the front page of this Note. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation or receipt, except that notices from Borrower to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

**Binding Effect.** This Note shall be binding upon the Borrower and upon Borrower's respective heirs, successors, assigns and legal representatives, and shall inure to the benefit of the Lender and its successors, endorsees and assigns.

**Amendments.** Any amendment herof must be in writing and signed by the party against whom enforcement is sought. Unenforceability of any provision hereof shall not affect the enforceability of any other provision. A photographic or other reproduction of this Note may be made by the Lender, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

**Indemnification.** In consideration of this loan, Borrower hereby releases and discharges Lender and its shareholders, directors, officers, employees, agents and attorneys (collectively, "Related Parties") from any and all claims, demands, liability and causes of action whatsoever, now known or unknown,

arising out of or any way related to any of the Borrower's obligations hereunder or under the Loan Documents provided the Lender complies with its obligations to Borrower under this Note and the Loan Documents. Borrower shall indemnify, defend and hold harmless the Lender and the Related Parties against any claim brought or threatened against the Lender by the Borrower, any Guarantor or endorser hereof, or any other person on account of Lender's relationship with the Borrower or any Guarantor or endorser hereof provided the Lender complies with its obligations to Borrower under this Note and the Loan Documents.

**No Waiver.** None of the following will be a course of dealing, estoppel, waiver, or implied amendment on which any party to this Note or any Loan Document may rely: (1) Lender's acceptance of one or more late or partial payments; (2) Lender's forbearance from exercising any right or remedy under this Note, or any document providing security for or guaranty of repayment of this Note; or (3) Lender's forbearance from exercising any right or remedy under this Note or any Loan Document on any one or more occasions. Lender's exercise of any rights or remedies or a part of a right or remedy on one or more occasions shall not preclude Lender from exercising the right or remedy at any other time. Lender's rights and remedies under this Note, the Loan Documents, and the law and in equity are cumulative to, but independent of, each other.

**Costs, Expenses, Fees and Taxes.** Borrower agrees to pay on demand all costs and expenses of Lender, including but not limited to (a) administration, travel and out-of-pocket expenses, including but not limited to reasonable attorneys' fees and expenses, of Lender in connection with the preparation, negotiation and closing of the Loan Documents and the administration of the Loan Documents, the collection and disbursement of all funds hereunder and the other instruments and documents to be delivered hereunder, (b) extraordinary expenses of Lender in connection with the administration of this Note and the other Loan Documents, (c) the reasonable fees and out-of-pocket expenses of special counsel for Lender, if any, with respect to the foregoing, and of local counsel, if any, who may be retained by said special counsel with respect thereto, (d) all fees due in any of the Loan Documents, and (e) all costs and expenses, including reasonable attorneys' fees, in connection with the determination of Lender's lien priority in any collateral securing this Note, or the restructuring or enforcement of this Note or any Loan Document. In addition, Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of any Loan Document, and the other instruments and documents to be delivered hereunder, and agrees to hold Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees. Notwithstanding anything to the contrary contained hereinabove, Lender expressly agrees that Borrower shall pay Lender a cumulative total of no more than \$10,000 for all fees and expenses referenced in sections (a), (b) and (c) above upon Lender's providing Borrower with bills or invoices for all such fees and expenses.

**Borrower Waivers.** Borrower waives presentment, demand, notice, protest, and all other demands and notices in connection with delivery, acceptance, performance, default, or enforcement of this Note.

**Jurisdiction.** Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake City, Utah, over any action or proceeding arising out of or relating to this Note, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Jury Trial Waiver. BORROWER WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, BETWEEN LENDER AND BORROWER ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS NOTE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

**Borrower:**

**Camelot Film Group, Inc.**


By:   
Robert P. Atwell, President

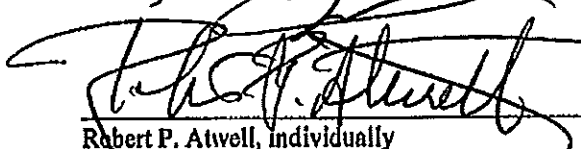
**Guarantors:**


**Camelot Distribution Group, Inc.**

By:   
Robert P. Atwell, President

**Camelot Entertainment Group, Inc.**

By:   
Robert P. Atwell, President

  
Robert P. Atwell, individually




**Exhibit A**  
**Avails by Key Territory Summary**

Territory	# Avail PTV	Low License fee per title	Estimated Total Value (low)	Short Term Sales Potential (10%)	Med License fee per title	Estimated Total Value (med)	Short Term Sales Potential (10%)
CIS (Fmr USSR)	261	\$2,500	\$652,500	\$65,250	\$5,000	\$1,305,000	\$130,500
Benelux	290	\$2,000	\$580,000	\$58,000	\$4,000	\$1,160,000	\$116,000
Bulgaria	289	\$1,000	\$289,000	\$28,900	\$2,000	\$578,000	\$57,800
Czech	366	\$2,000	\$732,000	\$73,200	\$3,000	\$1,098,000	\$109,800
Fmr Yugo	291	\$1,000	\$291,000	\$29,100	\$1,500	\$436,500	\$43,650
France	287	\$5,000	\$1,435,000	\$143,500	\$8,000	\$2,296,000	\$229,600
Germany	310	\$5,000	\$1,550,000	\$155,000	\$10,000	\$3,100,000	\$310,000
Greece	287	\$2,000	\$574,000	\$57,400	\$4,000	\$1,148,000	\$114,800
Hungary	293	\$2,000	\$586,000	\$58,600	\$4,000	\$1,172,000	\$117,200
Italy	273	\$5,000	\$1,365,000	\$136,500	\$8,000	\$2,184,000	\$218,400
Poland	287	\$3,000	\$861,000	\$86,100	\$5,000	\$1,435,000	\$143,500
Portugal	289	\$1,500	\$433,500	\$43,350	\$3,000	\$867,000	\$86,700
Romania	332	\$1,500	\$498,000	\$49,800	\$3,000	\$996,000	\$99,600
Scandinavia	291	\$3,000	\$873,000	\$87,300	\$6,000	\$1,746,000	\$174,600
Spain	261	\$4,000	\$1,044,000	\$104,400	\$8,000	\$2,088,000	\$208,800
United Kingdom	187	\$5,000	\$935,000	\$93,500	\$10,000	\$1,870,000	\$187,000
S Africa	286	\$1,500	\$429,000	\$42,900	\$3,000	\$858,000	\$85,800
Thailand	292	\$1,000	\$292,000	\$29,200	\$2,000	\$584,000	\$58,400
Middle East	290	\$2,000	\$580,000	\$58,000	\$5,000	\$1,450,000	\$145,000
Turkey	265	\$2,000	\$530,000	\$53,000	\$4,000	\$1,060,000	\$106,000
Japan	278	\$5,000	\$1,390,000	\$139,000	\$9,000	\$2,502,000	\$250,200
Australia/NZ	269	\$3,000	\$807,000	\$80,700	\$6,000	\$1,614,000	\$161,400
Latin America	258	\$8,000	\$2,064,000	\$206,400	\$14,000	\$3,612,000	\$361,200
USA	287	\$10,000	\$2,870,000	\$287,000	\$15,000	\$4,305,000	\$430,500
Canada	296	\$4,000	\$1,184,000	\$118,400	\$7,000	\$2,072,000	\$207,200
<b>Total</b>			<b>\$22,845,000</b>	<b>\$2,284,500</b>		<b>\$41,536,500</b>	<b>\$4,153,650</b>

## EXHIBIT B

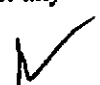
## COMMERCIAL GUARANTY

**THIS COMMERCIAL GUARANTY** (as the same may from time to time be amended, restated or otherwise modified, "**Guaranty**") is made as of the 27<sup>th</sup> day of April, 2010, by **CAMELOT ENTERTAINMENT GROUP, INC.**, a Delaware corporation, having a usual place of business at 8001 Irvine Center Drive, Suite 400, Irvine, California 92618, and its successors and assigns ("**Guarantor**"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("**Lender**") to extend credit (the "**Loan**") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608, and its successors and assigns ("**CFG**", also referred to herein as the "**Borrower**"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of CFG to Lender. 

As used herein, "**Obligations**" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("**Lender Affiliate**") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "**Note**").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

**Unconditional Guaranty.** Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provisions to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from Camelot Distribution Group, Inc. pursuant to its Commercial Guaranty of the Obligations; Third, from the Guarantor hereunder, pursuant to this Guaranty; and Fourth from Robert P. Atwell pursuant to his personal Guaranty of the Obligations. If the Obligations, or any





part thereof, shall not be paid in full when due and payable, then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "*Obligor*" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "*Collateral*" means, collectively, all property securing the Obligations or any part thereof at the time in question.

**Payments.** Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

**Continuing Guaranty.** Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive (any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension, consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or

consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

**Warranties.** Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that Guarantor has incurred to Lender; (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

**Solvency of Obligor.** Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

**Waiver.** To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.



**Notices.** All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

**Successors and Assigns.** This Guaranty shall bind Guarantor and Guarantor's successors and assigns and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

**Collateral.** This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

**Independent Judgment.** Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

**Set Off.** Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may

hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

**Savings Clause.** Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

**Governing Law.** The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.

Guarantor:

**CAMELOT ENTERTAINMENT GROUP, INC.**

BY: 

Robert P. Atwell, CEO



## EXHIBIT C

## COMMERCIAL GUARANTY

**THIS COMMERCIAL GUARANTY** (as the same may from time to time be amended, restated or otherwise modified, "**Guaranty**") is made as of the 27<sup>th</sup> day of April, 2010, by **ROBERT P. ATWELL**, individually and his heirs, executors, administrators, personal representatives and assigns ("**Guarantor**"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("**Lender**") to extend credit (the "**Loan**") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608, and its successors and assigns ("**CFG**", also referred to herein as the "**Borrower**"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of CFG to Lender. ✓

As used herein, "**Obligations**" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("**Lender Affiliate**") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "**Note**").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

**Unconditional Guaranty.** Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provisions to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from Camelot Distribution Group, Inc. pursuant to its Commercial Guaranty of the Obligations; Third, from Camelot Entertainment Group, Inc., pursuant to its Commercial Guaranty of the Obligations; and Fourth from the Guarantor hereunder, pursuant to this Guaranty. If the Obligations, or any part thereof, shall not be paid in full when due and payable, ✓

then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "**Obligor**" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "**Collateral**" means, collectively, all property securing the Obligations or any part thereof at the time in question.

**Payments.** Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

**Continuing Guaranty.** Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive (any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension, consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or

consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

**Warranties.** Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

**Solvency of Obligor.** Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

**Waiver.** To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.

**Notices.** All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of



this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

**Successors and Assigns.** This Guaranty shall bind Guarantor and Guarantor's heirs, executors, administrators, personal representatives and assigns, and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

**Collateral.** This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

**Independent Judgment.** Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

**Set Off.** Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of

the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

**Savings Clause.** Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

**Governing Law.** The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.


Guarantor:

  
ROBERT P. ATWELL, Individually



## EXHIBIT D

## COMMERCIAL GUARANTY

**THIS COMMERCIAL GUARANTY** (as the same may from time to time be amended, restated or otherwise modified, "**Guaranty**") is made as of the 27<sup>th</sup> day of April, 2010, by **CAMELOT DISTRIBUTION GROUP, INC.**, a Delaware corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608, and its successors and assigns ("**Guarantor**"), in order to induce **INCENTIVE CAPITAL, LLC**, a Utah limited liability company with offices at 2755 E. Cottonwood Parkway, Suite 100, Salt Lake City, UT 84121, and its successors and assigns ("**Lender**") to extend credit (the "**Loan**") to **CAMELOT FILM GROUP, INC.**, a Nevada corporation in good standing in the State of California, with a place of business at 10 Universal City Plaza NBC/Universal Building, 20<sup>th</sup> Floor, Universal City, CA 91608, and its successors and assigns ("**CFG**") ("**CFG**", also referred to herein as the "**Borrower**"), and in consideration thereof, and other good and valuable consideration, hereby unconditionally and absolutely guarantees the punctual and full performance of all Obligations (as hereinafter defined) of CFG to Lender. 

As used herein, "**Obligations**" means every liability, now or hereafter owing to Lender or any affiliate of Lender ("**Lender Affiliate**") by Borrower, and includes, without limitation, every liability, whether owing by only Borrower or by Borrower with one or more others in a several, joint or joint and several capacity, whether owing absolutely or contingently, whether created by note, overdraft, guaranty of payment or other contract, or by a quasi-contract, tort, statute or other operation of law, whether incurred directly to Lender or acquired by Lender by purchase, pledge or otherwise and whether participated to or from Lender in whole or in part and all costs and expenses, including attorneys' fees, incurred by Lender in connection with the collection of any portion of the indebtedness. Any capitalized terms used but not defined herein shall have the meaning assigned it in that certain Promissory Note of even date herewith between Lender and Borrower (the "**Note**").

Guarantor deems it to be in the direct pecuniary and business interests of Guarantor that Lender extend credit to Borrower and understands that Lender is willing to extend credit to Borrower only upon certain terms and conditions, one of which is that Guarantor guarantee the payment of the Obligations, and this Guaranty is being executed and delivered in consideration of Lender extending credit to Borrower and for other valuable consideration. Guarantor acknowledges that the consideration for this Guaranty is not a mere recital and is adequate regardless of actual amount.

**Unconditional Guaranty.** Subject to the collection priority provisions contained hereinbelow, Guarantor hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. Notwithstanding any provision to the contrary contained in this Guaranty or in any other Guaranty held by Lender guaranteeing the Obligations, Lender agrees that it shall seek satisfaction of the Obligations in the following order of priority: First, from the Borrower; Second, from the Guarantor hereunder, pursuant to this Guaranty; Third, from Camelot Entertainment Group, Inc pursuant to its Commercial Guaranty of the Obligations; and Fourth,

from Robert P. Atwell, pursuant to his Guaranty of the Obligations. If the Obligations, or any part thereof, shall not be paid in full when due and payable, then the Lender shall have the right to proceed directly against the Borrower and the various Guarantors in the foregoing order of priority to collect the payment in full of the Obligations. This is a guaranty of payment and not merely a guaranty of collection, and Guarantor hereby waives each and every guarantorship and suretyship defense, generally unless otherwise herein agreed. The "**Obligor**" means any entity, or any of its property, that is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limitation, Borrower or Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property. "**Collateral**" means, collectively, all property securing the Obligations or any part thereof at the time in question.

**Payments.** Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantor unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, Guarantor agrees that if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other person, Lender, in each case, may reverse any entry relating thereto on its books and Guarantor shall remain liable therefore.

**Continuing Guaranty.** Regardless of the duration of time, and irrespective of any act, omission or course of dealing whatever on the part of Lender, Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Obligations. Without limiting the generality of the foregoing:

(a) Lender shall not at any time be under any duty to Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation except to the extent otherwise provided herein.

(b) Guarantor waives (i) notice of the incurring of any Obligations by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, and (iii) notice of any indulgence granted to any Obligor. However, Guarantor does not waive any other notice to which Guarantor might be entitled, and Lender hereby agrees to provide such notices to Guarantor.

(c) Lender, in its sole discretion, may, without any prejudice to its rights under this Guaranty, at any time or times, without notice to or the consent of Guarantor, and provided any such action does not materially adversely affect Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove, (i) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder; (ii) assent to any renewal, extension,

consolidation or refinancing of the Obligations or any part thereof; (iii) grant any waiver or consent or forbear from exercising any right, power or privilege that Lender may have or acquire; (iv) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Obligations or pursuant to which any Obligations are created; (v) grant any other indulgence to any Obligor; or (vi) accept any Collateral for, or any other Obligor upon, the Obligations or any part thereof.

(d) Guarantor's liabilities and other obligations under this Guaranty shall be absolute and unconditional subject to the Lender's obligation to seek payment of the Obligations in the order of priorities set forth hereinabove.

**Warranties.** Guarantor represents and warrants that (a) Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (b) this Guaranty, when executed, is legal and binding upon Guarantor in every respect; (c) no litigation or proceeding is pending or threatened against Guarantor before any court or any administrative agency that would materially adversely affect Guarantor's obligations to the Lender hereunder; (d) Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that Guarantor has incurred to Lender; (e) Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Lender; and (f) Guarantor does not intend to, nor does Guarantor believe that Guarantor will, incur debts beyond Guarantor's ability to pay such debts as they mature.

**Solvency of Obligor.** Without limiting the generality of any of the other provisions hereof, Guarantor specifically agrees that upon the dissolution of any Obligor and/or the filing or other commencement of any bankruptcy or insolvency proceedings by, for or against any Obligor, including without limitation, any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate any Obligor, and if the Borrower and other Obligors as the case may be are not paying the Obligations pursuant to the terms of the Note in the order of priorities set forth in this Guaranty, then Lender, in its sole discretion, may declare the unpaid principal balance of and accrued interest on the Obligations to be forthwith due and payable in full without notice. Upon the occurrence of any of the events enumerated in the immediately preceding sentence, Guarantor shall, upon Lender's demand, whenever made, pay to Lender an amount equal to the then unpaid principal balance of and accrued interest on the Obligations.

**Waiver.** To the extent permitted by law, Guarantor waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of Guarantor's liabilities or other obligations under this Guaranty, including, without limitation, any right of subrogation, exoneration, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law.



**Notices.** All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or delivered at the address specified on the front page of this Guaranty. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Guarantor to Lender pursuant to any of the provisions hereof shall not be effective until received by Lender.

**Successors and Assigns.** This Guaranty shall bind Guarantor and Guarantor's successors and assigns and shall inure to the benefit of Lender and its successors and assigns, including (without limitation) each holder of any note evidencing any Obligations. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between Guarantor and Lender with respect to this Guaranty is and shall be solely that of debtor and creditor, respectively, and, except as otherwise provided herein, Lender shall have no fiduciary obligation toward Guarantor with respect to this Guaranty or the transactions contemplated hereby; provided, however, that Lender shall have an obligation to act in good faith toward Guarantor with respect to this Guaranty or the transactions contemplated hereby.

**Collateral.** This Guaranty is secured by all of the collateral described in the Security Agreement of even date herewith between Borrower and Lender.

**Independent Judgment.** Guarantor (a) warrants that Guarantor has not relied on any information about the Borrower, the Collateral, or any other Obligor provided directly or indirectly by Lender; (b) warrants that Guarantor is familiar with Borrower, Borrower's affairs, and the Collateral; (c) warrants that Guarantor has been provided with all information concerning Borrower, Borrower's affairs, and the Collateral that Guarantor has requested; (d) warrants that Guarantor has had adequate opportunity to seek and evaluate professional advice concerning Borrower, the Collateral, and this Guaranty from advisors of Guarantor's choosing, including financial and legal advice; (e) agrees that Lender has no obligation to provide Guarantor any information about the Borrower, any Obligor, or the Collateral; and (f) agrees that Guarantor may not rely on any information about Borrower, any Obligor, or the Collateral provided by Lender.

**Set Off.** Guarantor: (a) agrees that upon the occurrence and continuation of an event of default under the Obligations which is not waived by the Lender, Lender has the right, in addition to all other rights and remedies available to it, to set off the unpaid balance of the Obligations against any debt owing to Guarantor by Lender; (b) hereby grants, pledges, and assigns to Lender a security interest in, and lien upon, all cash, negotiable instruments, securities, deposit accounts, and other cash equivalents, whether collected or in the process of collection, whether matured or

unmatured, now or hereafter in the possession of Lender and upon which Guarantor has or may hereafter have any claim; and (c) agrees, to the fullest extent Guarantor may effectively do so under applicable law, that any holder of a participation in the Obligations, with the exception of the applicable bank(s) which is (are) a holder(s) of a participation in the Obligations by virtue of its banking relationship with Guarantor on unrelated accounts, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Guarantor pursuant to this Guaranty in the amount of such participation.

**Savings Clause.** Notwithstanding anything to the contrary herein, the Guarantor's obligations hereunder shall not exceed the maximum amount that would not be subject to avoidance under fraudulent conveyance, fraudulent transfer, and other similar laws.

**Governing Law.** The provisions of this Guaranty and the respective rights and duties of Guarantor and Lender hereunder shall be governed by and construed in accordance with Utah law and any applicable federal laws. Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Utah state or federal court sitting in Salt Lake County, over any action or proceeding arising out of or relating to this Guaranty, or any document related to the Obligations, and Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Utah state or federal court. The Guarantor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

Executed as of the date set forth above.

**CAMELOT DISTRIBUTION GROUP, INC.**

BY: 

Robert P. Atwell, CEO



## EXHIBIT E