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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2014

**LEGACY EDUCATION ALLIANCE, INC.**  
(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation)

**333-184897**

(Commission File Number)

**39-2079974**

(IRS Employer  
Identification No.)

**1612 E. Cape Coral Parkway, Cape Coral, Florida 33904**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(239) 542-0643**

**Priced In Corp., 154 Thames Street, Newport, Rhode Island 02840**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## EXPLANATORY NOTE

Unless otherwise noted, references in this Current Report on Form 8-K to “Legacy Education Alliance, Inc.,” the “Company,” “we,” “our” or “us” means Legacy Education Alliance, Inc., a Nevada corporation (“Legacy”), the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Educational Alliance Holdings, Inc., a Colorado corporation (“Legacy Holdings”), other operating subsidiaries and any predecessor of Legacy Holdings, including Tigrent Inc., a Colorado corporation (“Holdings”). The Company’s website address is [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com). This website and information contained on, or that can be accessed through, the website are not part of this report.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

There are statements in this Current Report on Form 8-K that are not historical facts. These “forward-looking statements” can be identified by use of terminology such as “anticipate,” “believe,” “estimate,” “expect,” “hope,” “intend,” “may,” “plan,” “positioned,” “project,” “propose,” “should,” “strategy,” “will,” or any similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. For a discussion of these risks, you should read this entire Current Report on Form 8-K carefully, especially the risks discussed under the section entitled “Risk Factors.” Although we believe that our assumptions underlying such forward-looking statements are reasonable, we do not guarantee our future performance, and our actual results may differ materially from those contemplated by these forward-looking statements. Our assumptions used for the purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances, including the development, acceptance and sales of our products and our ability to raise additional funding sufficient to implement our strategy. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. In light of these numerous risks and uncertainties, we cannot provide any assurance that the results and events contemplated by our forward-looking statements contained in this Current Report on Form 8-K will in fact transpire. These forward-looking statements are not guarantees of future performance. You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of their dates. We do not undertake any obligation to update or revise any forward-looking statements.

### ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 10, 2014, we entered into an Agreement and Plan of Merger dated as of such date (the (“Merger Agreement”) with Priced In Corp. Subsidiary, Inc., a Colorado corporation and our wholly owned subsidiary (“PIC Sub”), Holdings and Legacy Holdings. On November 10, 2014, pursuant to the Merger Agreement, PIC Sub merged with and into Legacy Education Alliance Holdings (the “Merger”), with Legacy Education Alliance Holdings surviving the Merger and becoming our wholly owned subsidiary.

At the effective time of the Merger (the “Effective Time”):

- we amended and restated our certificate of incorporation and bylaws;
- we changed our name from “Priced In Corp.” to “Legacy Education Alliance, Inc.”;
- the shares of common stock, par value \$0.01 per share, of Legacy Holdings outstanding at the Effective Time were converted and exchanged into 16,000,000 shares of our common stock, par value \$0.0001 per share (“Common Stock”), which will be held by Holdings.

There was no cash consideration exchanged in the Merger. In accordance with the terms and conditions of the Merger Agreement, we agreed to pay Holdings taxes and related liabilities and other specified costs and expenses, including certain administrative and related expenses that have been or will be from time to time incurred by Holdings that are related to Holdings’ investment in us (including the cost of preparing and distributing reports regarding our business and financial condition to its shareholders), its administrative costs and expenses, and taxes, other than income taxes arising from dividends or distributions by us to Holdings. All shares of our common stock issued in connection with the Merger are restricted securities, as defined in paragraph (a) of Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”). Such shares were issued pursuant to an exemption from the registration requirements of the Securities Act, under Section 4(a)(2) of the Securities Act and the rules and regulations promulgated thereunder.

For a further discussion of the Merger and its effects on our business, please see the information contained in Item 2.01 below on this Current Report on Form 8-K.

## **ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS**

On November 10, 2014, in accordance with the terms and conditions of the Agreement and Plan of Merger dated as of November 10, 2014, (the "Merger Agreement"), by and among Legacy, PIC Sub, Holdings and Legacy Holdings, PIC Sub was merged with and into Legacy Holdings (the "Merger"). Legacy Holdings was the surviving corporation in the Merger. There was no cash consideration exchanged in the Merger. Under the terms of the Merger Agreement, we agreed to pay Holdings specified administrative and related expenses that have been and will be incurred by virtue of Holdings' investment in us, including the cost of preparing and distributing reports regarding our business and financial condition to the shareholders of Holdings. The result of the Merger is that, on the closing date (the "Closing Date") of the Merger, Legacy Holdings became our wholly owned subsidiary and we acquired the business of Legacy Holdings.

Under the terms of the Merger Agreement, we amended and restated our certificate of incorporation and our bylaws, and issued 16,000,000 shares of Common Stock to Holdings, which shares are after giving effect to the stock split to holders of record as of September 30, 2014. Concurrently with the Closing Date of the Merger, certain of our stockholders delivered to us for cancellation an aggregate of 11,685,000 shares of Common Stock.

All of the shares of Common Stock issued as described above are restricted securities, as defined in paragraph (a) of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). All such securities were issued pursuant to an exemption from the registration requirements of the Securities Act, under Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder.

## **BUSINESS**

### **Our Corporate History and Background**

On November 10, 2014, pursuant to the Merger Agreement described above in Item 2.01, PIC Sub was merged with and into Legacy Holdings (the "Merger"). Legacy Holdings was the surviving corporation in the Merger. There was no cash consideration exchanged in the Merger. Under the terms of the Merger Agreement, we agreed to pay certain administrative and related expenses that have been and will be incurred by the sole stockholder of Legacy Holdings. The result of the Merger is that, on the closing date (the "Closing Date") of the Merger, Legacy Holdings became our wholly owned subsidiary and we acquired the business of Legacy Holdings.

In connection with the Merger, we amended and restated our certificate of incorporation and bylaws, in the forms filed herewith as Exhibits 3.1 and 3.2, respectively, and incorporated herein by reference, and changed our name from Priced In Corp. to Legacy Educational Alliance, Inc.

Prior to the Merger, we operated under the name “Priced In Corp.” as a development stage business dedicated to developing a website aggregating group buy offers and group buying deals, allowing users to view and link to available group buying deals in particular markets on a single website. Our planned website never became operational, and as of the Closing Date, we are exclusively continuing the business of Legacy Holdings.

## Business Overview

We provide practical, high-quality and value-based training, conferences, publications, technology-based tools and mentoring to help customers become financially knowledgeable and elevate the financial well-being of people from all walks of life, primarily through our Rich Dad™ Education brand, which is based on the teachings of Robert Kiyosaki, entrepreneur, investor, educator and author of bestseller *Rich Dad Poor Dad*. Our services are delivered through various channels that include live courses, online trainings, coaching, mentoring programs, and multi-media products that impart skills and knowledge in real estate investing, financial instrument investing (stocks, bonds, etc.), entrepreneurship and personal finance.

We have a team of trainers, mentors and coaches who possess practical, hands-on experience in their areas of expertise. We adhere to a rigorous instructional design methodology with proprietary, content-rich advanced training courses to create rewarding student experiences across the United States, United Kingdom, and Canada.

We provide customers with comprehensive instruction and mentoring, primarily on the topics of real estate and financial instruments investing. Our services are provided primarily in the United States (“U.S.”), the United Kingdom (“U.K.”), and Canada. We offer our services in other locations from time to time through agreements with third parties. Our training is offered in non-accredited free preview workshops, as well as basic training, advanced courses, mentoring and coaching, primarily under the Rich Dad™ Education brand which was created in 2006 under license from entities affiliated with Robert Kiyosaki.

As of June 30, 2014, the Rich Dad brands represented approximately 88% of our year-to-date revenue, on a consolidated basis. We currently have two *Rich Dad™ Education* offerings:

- *Rich Dad™ Learn to be Rich* which focuses on real estate training and is our primary service offering
- *Rich Dad™ Stock Success* which concentrates on financial instruments training.

Our global earnings are primarily from the U.S., Canada, the U.K. and other non U.S. / Canadian markets. The percentage of our total revenues for the current periods from such segments is provided below:

As a percentage of total revenue	Six Months ended June 30,		Years ended December 31,	
	2014	2013	2013	2012
U.S.	75.5%	78.0%	74.4%	79.3%
Canada	6.5	8.3	8.8	8.4
U.K. and other foreign markets	18.0	13.7	16.8	12.3
Total consolidated revenue for financial reporting purposes	100.0%	100.00	100.0%	100.0%

## Our Strategy

Our objective is to be the leading international provider of a broad set of services and products that enable individuals from all walks of life, regardless of their current economic situation and education background, to take control of their financial futures, “escape the rat race” and enable them to achieve financial success.

Our strategy is focused primarily on the following areas:

- *Continued development of U.S. businesses.* We will continue our focus on U.S. service offerings to maintain a stable revenue stream and expand our offerings as appropriate, including e-learning and other electronic format offerings and the development of new brands.
- *Development of the International market.* Our international business is primarily centered in the UK and in 2014 expanded to countries in Africa, Europe and Asia. In March 2013, our Rich Dad brand licensing arrangement was expanded to worldwide exclusivity, allowing us to grow our brand in additional international markets. We believe that we can continue to expand our international business.

- *Security and longevity of our brands.* Internationally, we operate under eight different brands. This provides us the flexibility to provide our services through different demographics, price points and sales channels. This strategy of going to market with multiple brands allows us to protect the individual brands and to provide brand diversification if a particular brand enters a difficult phase. This strategy also allows us to manage individual brand-fatigue while maintaining overall market share and meeting competition.
- *Fulfilling our customer obligations.* We intend to optimize the pace and improve the cost efficiency with which we fulfill our long term customer commitments. We have
  - expanded the options for course fulfillment in order to reduce the number of expired contracts; increased the number of courses offered through electronic media and via the internet;
  - implemented an improved outreach program that involves contacting our customers;
  - implemented the concept of a symposium fulfillment experience, which we believe will play a significant role in our business model going forward. Symposiums allow us to hold several advanced classes in one location resulting in cost savings based on economies of scale. These events have been well received by our customers, providing them with networking opportunities as well as bonus events and activities that have enhanced their experience.
- *Enhanced eLearning.* We intend to continue developing and promoting interactive and online distributed course content and enhanced technology platforms capable of streaming video, interactive e-learning, and distributed e-learning. We have been developing our social and brand presence internationally.
- *Consistent quality assurance.* We believe that to be an effective provider of training we need to ensure that our course offerings meet our strict quality assurance guidelines. We will continue to monitor and enforce standards for marketing, sales presentations, and training delivery throughout our organization.
- *Continued professional development.* We will continue to identify, recruit and retain a team of trainers, mentors and coaches who possess practical, hands-on experience in their areas of expertise.

## **Intellectual Property**

We regard our training materials and products, trademarks, service marks, trade names, copyrights, and patents as proprietary. As such, we primarily rely on federal statutory and common law protections to uphold our interests in these materials. We market various courses and training programs under the Rich Dad brand, as a licensee, as well as our proprietary brands, as described below under the section entitled “Training Programs.” While several of our proprietary materials may contain commonly used terms and do not afford us significant trademark protection, we also use employee and third party non-compete and confidentiality agreements as well as other contractual methods of protecting proprietary rights to safeguard our intellectual property.

We license certain intellectual property, including certain trade names, trademarks and services marks from third parties in the operation of our *Rich Dad Education*, *Real Options Masters*, *Robbie Fowler’s Property Academy*, and *Making Money from Property with Martin Roberts* brands.

## **Licensing Agreements with the Rich Dad Parties**

Our primary business relies on our license of the Rich Dad and related marks and intellectual property. The following transactions summarize our license to use the Rich Dad trademarks, trade names and other business information in seminars in the U.S., Canada and the United Kingdom (the “Rich Dad Intellectual Property Rights”).

- July 6, 2006, we entered into the license agreement (the “Rich Dad License Agreement”) under which we were the controlling member of Rich Dad Education, LLC (“RDE”), a limited liability company that was granted a license to use the Rich Dad Intellectual Property Rights in the United States, Canada, and the United Kingdom for the payment of a fee equal to a fixed percentage of cash sales gross revenue (as defined in the Rich Dad License Agreement) realized by RDE.
- May 26, 2010, we restructured the Rich Dad License Agreement with certain entities controlled by Robert and Kim Kiyosaki, or the “Rich Dad Parties,” and
  - Entered into a License Agreement with Rich Dad Operating Company, LLC (“RDOC”) and other Rich Dad Parties (the “2010 Rich Dad License Agreement”), relating to our rights to use the Rich Dad Intellectual Property Rights,
  - Entered into a Settlement Agreement and Release with the Rich Dad Parties, (the “Settlement Agreement”), relating to the previous Rich Dad License Agreement pursuant to which (i) we gave a general release of any claims we had against the Rich Dad Parties based upon the Rich Dad License Agreement and related agreements and (ii) the Rich Dad Parties released us from certain specific claims made by the Rich Dad Parties against us including claims for allegedly unpaid royalties, excess management fees and expenses allegedly retained by us, and unspecified damage to the Rich Dad brand; and

The 2010 Rich Dad License Agreement was for a term ending December 31, 2014. The 2010 Rich Dad License Agreement gave us the exclusive right to use Rich Dad Intellectual Property for services and products in live seminars and training courses in the U.S., Canada and the United Kingdom. The 2010 Rich Dad License Agreement also provided that we establish escrow and cash collateral accounts in an aggregate amount equal to 30% of our deferred revenues during the term of the 2010 Rich Dad License Agreement (the “Reserve Goal”) to secure, in part, our contractual commitments to the customers who purchased the Rich Dad and our other courses. After the Reserve Goal was met, we paid (i) to RDOC a current royalty (“Current Royalty”) of 3% of the Gross Revenues and (ii) into the escrow account a deferred royalty of 5% of the Gross Revenues (“Unfulfilled Royalty”). Under the 2010 Rich Dad License Agreement, the term “Gross Revenues” meant gross revenues related to the Rich Dad brands, net of merchant fees, taxes, shipping, refunds, rebates, bad debt and sums paid to RDOC’s third party coaching provider under a separate cross marketing agreement. In addition, we were required by the 2010 Rich Dad License Agreement to pay into the cash collateral account on a monthly basis the amount by which the average cash balance of all unrestricted funds in our accounts for the prior 90 day period (excluding the proceeds from the sale of, or other realization upon, any non-core assets or any cash accounts from RDE made available to us) exceeded \$6 million. Our merchant deposit (*i.e.*, credit card processor) reserve funds would also be credited to the Reserve Goal. After the Reserve Goal was met, we were required to pay RDOC royalty payments equal to 10% of Gross Revenues in lieu of paying the current royalty to RDOC and the unfulfilled royalty into the escrow account. If the combined amounts in the escrow account and the cash collateral account exceeded the Reserve Goal, the excess funds could be withdrawn from the escrow account twice each year and applied to the deferred fulfillment royalties that are due to RDOC. In addition, on a quarterly basis, RDOC could withdraw 40% of payments into the escrow account during the prior three-month period. The 2010 Rich Dad License Agreement contained covenants relating to performance standards and cash operating profits. We were limited in making any capital expenditures with respect to any businesses other than the Rich Dad Education Business that exceed \$500,000 per year without obtaining written approval from RDOC. We were also required to consult with RDOC prior to hiring a Chief Executive Officer, Chief Financial Officer or any other officer who reports directly to the Chief Executive Officer. RDOC had the right to have one representative observe all meetings of our Board of Directors in a non-voting capacity.

In accordance with the terms of the Settlement Agreement, Holdings issued 9.9% of its then outstanding common stock (1,290,000 shares) to Rich Global, LLC and redeemed its 49% membership interest in RDE. The Rich Dad Parties agreed to transfer the RDE assets to us, except for the data base of customer names and customer leads, resulting in full ownership by us of the business previously conducted by RDE. We agreed to dissolve RDE and terminate the license and administrative services agreements associated with RDE. We have responsibility for any and all liabilities remaining in RDE, including but not limited to obligations related to the fulfillment of course work for the Rich Dad students. We agreed to release the Rich Dad Parties from all general claims related to RDE and they agreed to release us from specific claims that it made against us and RDE in connection with its alleged default letter dated March 27, 2009. Among other things, the Settlement Agreement proposed enhanced cooperation in advertising, marketing, and educational programs between us and RDOC through a customer contact and data base management strategy that emphasized seamless support of the Rich Dad brand and its customers.

On March 25, 2011, we entered into a credit agreement with RDOC ("Credit Agreement") that converted approximately \$3.5 million of royalty payments due as of December 31, 2010 into a promissory note with stated terms.

On August 31, 2012, we entered into a Memorandum of Understanding ("MOU") with RDOC, whereby RDOC consented to the deferral by Holdings of payment due under the 2010 License Agreement for (x) the shortfall of royalties payable by us for the month of July 2012 and (y) the entirety of royalties for each of the months of August and September 2012, in the aggregate amount of \$1.7 million. The payment obligations for such deferrals were evidenced in an unsecured interest-free demand note payable from Holdings to Rich Dad with a maturity date of December 31, 2014. The MOU also provided for (i) the appointment of Anthony C. Humpage to be Chief Executive Officer of Holdings, (ii) the parties to amend the terms of the 2010 Rich Dad License Agreement to provide for the termination of such Agreement upon the occurrence of a Change in Control of Holdings, as such term is defined in the Agreement and (iii) the parties to amend the Credit Agreement with RDOC to provide for the acceleration of the due date of all sums payable by Holdings thereunder upon a Change of Control of Holdings.

On or about September 18, 2012, Holdings entered into (i) a First Amendment to the Credit Agreement and First Amendment to Promissory Note to provide that a Change of Control of Holdings (as defined in the First Amendment) would constitute an Event of Default pursuant to which all indebtedness of Holdings under the Credit Agreement shall automatically become due and payable, and (ii) a First Amendment to the 2010 Rich Dad License Agreement that provided that the License Agreement would terminate, without further action of the parties, upon a Change of Control of Holdings.

On March 15, 2013, we entered into (i) a Second Amendment to its 2010 Rich Dad License Agreement with RDOC pursuant to which we were granted the exclusive right to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide and (ii) a related Royalty Payment Agreement. Under this Second Amendment and Royalty Payment Agreement, Holdings had the unilateral right to retroactively pay up to half of each month's royalties in the form of an interest-free promissory note, and up to 100% of each month's royalties in the form of an interest free promissory note with the consent of RDOC. Promissory notes issued under this Second Amendment were due and payable on December 31, 2014 (*i.e.*, the date of expiration of the 2010 Rich Dad License Agreement), but could be prepaid at any time without penalty. The Second Amendment and Royalty Payment Agreement also provided that the promissory notes issued thereunder would automatically convert into shares of preferred stock of Holdings upon a Change of Control of Holdings as defined in the Royalty Payment Agreement. Holdings issued a series of promissory notes under this Second Amendment and Royalty Payment Agreement totaling \$3.6 million in royalties for the months commencing October 2012 through August 2013, inclusive. As a result, \$1.2 million of royalties payable in the current liabilities on our consolidated balance sheet, as of December 31, 2013, was classified as long-term debt. All current and future royalties payable to RDOC were deferrable under this Amendment.

Effective September 1, 2013, we entered into new licensing and related agreements with RDOC (collectively, the "2013 License" or the "License Agreement") that replace the 2010 License Agreement that was scheduled to expire at the end of 2014. The initial term of the 2013 License expires August 31, 2018, but continues thereafter on a yearly basis unless one of the parties provides timely notice of termination. The 2013 License also (i) reduces the royalty rate payable to RDOC compared to the 2010 License Agreement; (ii) broadens the Company's exclusivity rights to include education seminars delivered in any medium; (iii) eliminates the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues the right of Holdings to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) continues the presence of an RDOC representative on the Holdings' Board of Directors; (vi) eliminated approximately \$1.6 million in debt from the consolidated balance sheet of Holdings as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vii) converted another approximately \$4.6 million in debt to 1,549,882 shares of common stock of Holdings. The debt forgiveness of \$1.6 million is shown on the consolidated statement of operations and comprehensive income (loss) for the year ended December 31, 2013. The conversion of the debt to equity of \$4.6 million is shown on the consolidated statement of changes in stockholders' deficit for 2013.

On April 22, 2014, we entered into an agreement with RDOC to settle certain claims we had against RDOC, Robert Kiyosaki, and Darren Weeks arising out of RDOC's, Kiyosaki's, and Weeks's promotion of a series of live seminars and related products known as *Rich Dad:GEO* that we alleged infringed on our exclusive rights under the License Agreement between the Company and RDOC. In the settlement agreement, RDOC, Kiyosaki, and Weeks agreed to terminate any further activity in furtherance of the *Rich Dad:GEO* program. In addition, RDOC agreed, among other things, to (i) amend the License Agreement to halve the royalty payable by us to RDOC to 2.5% for the whole of 2014, (ii) cancelled approximately \$1.3 million in debt owed by us to RDOC, and (iii) reimburse us for the legal fees it incurred in the matter. As a result of this agreement, income before taxes increased \$1.5 million and after tax increased by \$0.9 million during the first quarter of 2014. In the addition, RDOC's right to appoint one member of the Company's Board of Directors previously continued under the 2013 License was cancelled.

#### **License Agreement with Robbie Fowler**

We entered into a Talent Endorsement Agreement with an effective date of January 1, 2013 with Robbie Fowler that supplements and earlier November 2, 2012 Agreement with Mr. Fowler (collectively, the "Fowler License Agreement"). The Fowler License Agreement grants us the exclusive right to use Robbie Fowler's name, image, and likeness in connection with the advertisement, promotion, and sale in the United Kingdom of a property training course developed by us. The term of the license is scheduled to expire on January 1, 2015, but may be extended upon the mutual consent of the parties. Under the Fowler License Agreement, we pay Mr. Fowler a royalty on revenues realized from the sale of Robbie Fowler-branded property courses and affiliated products, after deductions for value added taxes, returns and refunds.

#### **License Agreement with Martin Roberts**

In 2009, we entered into a Talent Endorsement Agreement with Martin Roberts that grants us the exclusive right to use Martin Robert's, name, image, and likeness, as well as well as the rights to use the name of Mr. Roberts's published book entitled "Making Money From Property", in connection with the advertisement, promotion, and sale in the United Kingdom of a property training course developed by us. The term of the license will continue unless (i) terminated by one party upon the event of a default of the party, or (ii) by either party without cause upon thirty (30) days prior written notice to the other party. Under the License Agreement with Mr. Roberts, we pay Mr. Roberts a royalty on revenues realized from the sale of Robbie Fowler-branded property courses and affiliated products that are collected within thirty (30) days after a Company-sponsored Martin Roberts-branded event, after deductions for value added taxes, banking charges, returns, refunds, and third party commissions. For sales to clients introduced to us directly by Mr. Roberts and his associated websites as well as other marketing and promotional activities Mr. Roberts or his associated companies may wish to undertake from time to time that are not part of a Company sponsored event and which result in the sale of ours basic training her marketing and promotional activities, Mr. Roberts is entitled to 50% of gross revenue from such sales of directly introduced clients.

#### **Marketing**

Our Rich Dad brand, along with our other brands, are the foundation for our marketing efforts. These brands provides credibility and sustainability within our vast media mix to promote live events and online trainings. Live onsite two-hour preview events are offered weekly in four to six markets in the U.S., Canada and the U.K. Marketing these events is primarily done online through banner ads, text ads, and emails. Direct mail, radio, public relations, social media and print advertising are also used to obtain event registrations. We enter into marketing and other agreements with other organizations to market our products and services to the public internationally.

We offer people the opportunity to attend or preview our three-day basic training class. People that enroll and attend the basic training class receive reference materials relevant to the subject matter to be taught at the class. The basic training course is usually held over a weekend within two to four weeks of the initial free preview workshop. Our experience is that offering the preview is an effective way to market and sell our three-day basic training courses.

Marketing efforts continue to those customers who choose to continue their education with a three-day basic training class. Welcome letters, product kits (manuals and CDs), an online reference library, and reminder letters are all branded for consistency and credibility. Customers at the three-day basic training may choose to continue their education through our advanced training classes and mentorships offered during the basic training class.

Customers continuing their training via our advanced training classes will see the Rich Dad branding in our classes, communications, manuals and specialty items. Advanced training classes are offered through various delivery methods to meet the needs of our customers. We are in the process of re-branding our advanced training classes from Rich Dad Education to Elite Legacy Education to reflect the fact that we are diversifying the brands that sell into our advanced training. As a result of these re-branding efforts, we expect that our advanced training classes will no longer utilize the Rich Dad Education name, but that Rich Dad will remain the primary marketing channel for attracting customers to our advanced courses.

We also market for new customers who prefer to learn online and provide people the opportunity to attend free ninety-minute live online webinars that are held weekly on six different topics. Webinars are marketed via online banner ads, affiliate marketing, email campaigns and other registration pages. Customers can also attend paid online trainings which are marketed through banner ads, affiliates and email campaigns.

## **Training Programs**

We have three significant categories for our programs:

- Basic training courses,
- Advanced training courses, and
- Individualized mentoring and coaching programs.

### *Basic Training Courses*

*Rich Dad™ Education* offers courses teaching real estate and financial instruments emphasizing philosophies taught by Robert Kiyosaki, author of *Rich Dad Poor Dad*. These courses concentrate on principles while allowing customers to apply what they have learned playing the board game, *CASHFLOW®*, which was developed by Mr. Kiyosaki. These courses are offered in the U.S., the U.K. and Canada.

*Real Options Masters™*, is a course dedicated to providing educational training designed to help investors increase their knowledge on how to use stock options. Developed in conjunction with Investor's Business Daily®, a leading financial news and research organization since 1984, customers are offered educational support throughout the process.

*The Independent Woman™* is a leader in the effort to provide educational training, seminars, and services designed to help women increase their financial intelligence. Developed with Kim Kiyosaki, investor, entrepreneur, and bestselling author of *Rich Woman* and *It's Rising Time*, our goal is to impart the principles and strategies essential for improved financial security.

During 2014, we plan to launch *Brick Buy Brick™* and *Women in Wealth™* in the U.S. and Canada, which are brands that we currently operate in the U.K.

In the United Kingdom, we also offer products under the following brands:

*Building Wealth™* offers a curriculum focused on real estate and the fundamentals of negotiating real estate purchases with sellers, rehabilitating distressed properties and leasing rental units to tenants to generate multiple sources of cash flow. Customers are taught the mechanics of completing a real estate transaction in their community, from making an offer to closing the transaction, with an emphasis on creative financing strategies.

*Making Money from Property with Martin Roberts* offers a real estate curriculum focused on property auctions. The seminar is based on the real estate experience and knowledge of Martin Roberts, a well-known U.K. presenter and property journalist who develops properties in the United Kingdom, Europe and Canada. Customers are taught about buying property at auctions, rental and capital growth strategies, negotiating transactions and buying properties overseas.

*Teach Me To Trade*® offers a curriculum focused on financial instrument trading strategies using software and specific teaching techniques designed by us. Customers are taught to understand the stock market, foreign exchange, options, futures, investment strategies, risks and how to improve returns in both bull and bear markets.

*Women in Wealth*™ teaches women how to take control of their financial circumstances, gain enough money and independence to achieve their financial goals and gain information on the latest wealth-building strategies and techniques.

*Robbie Fowler's Property Academy* offers a real estate curriculum focused on Buy-To-Lease. The seminar reflects the real estate experience and knowledge of Robbie Fowler, a well-known U.K. sports personality who invested heavily in a Buy-To-Let portfolio in the United Kingdom during and after his professional football career. Customers are taught about buying property at auctions, rental and capital growth strategies and negotiating transactions.

*Brick Buy Brick* offers a curriculum focused on real estate and the fundamentals of negotiating real estate purchases with sellers, rehabilitating distressed properties and leasing rental units to tenants to generate multiple sources of cash flow. Customers are taught the mechanics of completing a real estate transaction in their community, from making an offer to closing the transaction, with an emphasis on creative financing strategies.

#### *Advanced Training Courses*

Customers who attend our basic training courses may choose to continue with advanced training courses in real estate or financial instruments investing or entrepreneurship skills. The advanced training courses of study include:

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#### **Real Estate Advanced Courses**

- *Crucial Operations in Real Estate (C.O.R.E.)*
- *Tax and Asset Protection*
- *Wholesale Buying*
- *Discount Notes & Mortgages*
- *Banking Relationships & Short Sale Systems*
- *Mobile Homes*
- *Foreclosure Strategies*
- *Residential Property Rehab*
- *Marketing Today*
- *Income Properties*
- *Tax Liens*
- *Lease Options*
- *Commercial Real Estate*
- *Business Financing & Factoring*
- *Land Development*
- *Creative Real Estate Financing*
- *Master Investor (Canada)*
- *Real Estate Negotiating Techniques (Canada)*
- *Property Management & Cash Flow (Canada)*
- *Distressed Property & Repossessions (U.K.)*
- *Asset Protection (U.K.)*
- *Lease Options/Purchase Options (U.K.)*
- *Houses of Multiple Occupancy (U.K.)*
- *Auction Training (U.K.)*
- *Social Housing (U.K.)*

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#### **Financial Instruments Advanced Courses**

- *Master Trader*™
- *Cash Flow Options*
- *FOCUS FOREX*
- *Spread Trader*
- *Advanced Technical Repair Analysis & Trade Repair Strategies*
- *Elite Options*
- *FACT (Futures & Commodity Trading)*
- *Asset Protection*

Customers may access training content through multiple delivery channels, including:

- Live instruction in classroom settings;
- Onsite mentoring;
- Telephonic mentoring;
- Electronic access to live online or pre-recorded on-demand programs;
- Electronic media;
- Symposiums; and
- Webinars.

Through strategic partners, customers can purchase a license to use supporting software for real estate or financial instruments investing. With either software program, a subscription-based data service is available for purchase which allows customers to interactively determine investment options and make better informed decisions about potential investments.

#### *Individualized Mentoring and Coaching Programs*

We offer live, real time, one-on-one mentorings for both Real Estate and the Financial Markets that are tailored to meet students' individual goals and needs. Real Estate mentoring is offered on site at the student's chosen location, while Financial Market mentoring can be provided either on-site or remotely. Mentoring is intended to give the student a professional assessment of his or her individual goals and experience and to help the student build an investment plan that can be put into action. Mentoring sessions are generally 2 to 4 days in length.

Coaching programs are typically sold in a number of different areas and generally delivered in 12 to 16 weekly one-on-one telephone sessions. Some of the topics include Cashflow 101, Choose to Be Rich Coaching, Real Estate Coaching, Paper Assets Coaching and Entrepreneur Coaching. A set curriculum approach is generally used. Each module comes with assignments, exercises and reading materials to be completed between sessions.

#### **Geographic Diversification**

We operate primarily in:

- The United States
- Canada
- The United Kingdom

We have expanded our international operations from the U.K. into other nations, including countries in the European Union, Africa and Asia, and other nations on an opportunistic basis.

#### **Competition**

During our 20-year history, we have competed, in a broad sense, with a number of organizations within the U.S. and internationally. The only current significant competitors are Fortune Builders and Armando Montelongo. We are also facing competition more recently from a variety of companies, including Zuri, Dean Graziosi, M pact Wealth, Flip Advantage, Flipping Formula, Winning the Property War, and Yancey Co. These more recent competitors have established brands through a media-based relationship, such as HGTV, and use television programs to promote their brands. We distinguish our brands from these more recent competitors by leveraging a longer term consistent branding, such as our brand *Making Money from Property with Martin Roberts*, an affiliation with Martin Roberts of the British Broadcasting Corporation ("BBC").

We believe that "Success Resources" is our only significant global competitor in the large event business. We have a strong relationship with this company through our U.K. operations and have worked closely with them on various ventures.

Generally, competitive factors within the proprietary training market include

- the range and depth of course offerings,
- the quality of trainers,
- the quality of reference materials provided in connection with course studies and
- cost.

We believe that the range and depth of our course offerings, the quality of our trainers and reference materials are comparable or superior to those of our competitors. Typically, our trainers for our advanced courses have been active investors in their chosen field, have been trained by us and, to a large degree, are previous customers of our programs. Trainers for our advanced courses are chosen based on their knowledge and experience with the coursework covered, and are further qualified by meeting knowledge standards developed internally.

### **Employees and Independent Contractors**

As of November 10, 2014 we had approximately 202 full-time employees of whom 179, or 88.6%, were located in the U.S. and 23, or 11.4%, were located in the United Kingdom or Canada. In addition, we employ independent contractors who are trainers, coaches or mentors. Our employees are not represented by a labor union, and we believe our relations with our employees are satisfactory. Our independent contractors are either paid commissions based upon the dollar value of the courses purchased by customers at our free preview workshops and basic training courses, or are paid fixed fees for teaching and mentoring advanced courses. Independent contractors are required to execute agreements with us that set forth their commission structures and contain customary confidentiality and non-competition provisions.

### **RISK FACTORS**

*Before deciding to purchase, hold or sell our Common Stock, you should carefully consider the risks described below in addition to the other cautionary statements, risks and information described elsewhere in this Current Report on Form 8-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occurs, it could have a material adverse effect on the Company, our business, financial condition, results of operations and/or liquidity. In that case, the trading price of shares of our Common Stock could decline, and you may lose all or part of your investment. You should read the section entitled "Special Note Regarding Forward-Looking Statements" above for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this report.*

#### **Risks Related to Our Business**

*We have experienced only modest cash flows from operations in 2013 and 2012. If this trend continues in the future, it could impair our ability to fund our working capital needs and adversely affect our financial condition.*

Management currently projects that our available cash balances will be sufficient to maintain our operations during 2014 and beyond. However, when considering all of the applicable operational and external risks and uncertainties, including, but not limited to cash contributions from new and ongoing business initiatives, our ability to effectively execute our strategies, and potential current and future litigation matters, we believe that we may not be adequately capitalized. We may seek to obtain additional capital through the issuance of equity or debt, which may dilute the equity holdings of our current investors. In addition, we may seek to borrow additional capital from institutional and commercial banks or other sources to fund future operations on terms that may include restrictive covenants, liens on assets, high effective interest rates, and repayment provisions that reduce cash resources and limit future access to capital markets. We do not currently have any commitments for future external funding. Our ability to raise additional capital may be adversely impacted by the current economic environment. Since the fall of 2008, there has been significant deterioration in the credit and real estate markets that, although has improved over the last few years, we do not believe that it has fully recovered as of the date of this report. Continuing sluggish growth in the economy threatens to cause continued tight credit and equity markets and stringent lending and investing standards. The persistence of these conditions could have a material adverse effect on our access to debt or equity capital. In addition, renewed deterioration in the economy could adversely affect our corporate results, which could adversely affect our financial condition and operations. In addition, our ability to raise additional capital may be adversely impacted by our financial results and liquidity position. As a result of these and other factors, additional capital in sufficient amounts at acceptable prices may not be available if needed. If we cannot generate the required revenues to sustain operations or obtain additional capital on acceptable terms, we will need to make further revisions to our business plan, sell or liquidate assets, or limit our operations.

***Our failure to remain in compliance with the 2013 Rich Dad License Agreement could result in the termination of our license to the Rich Dad brand, which would materially adversely impact our business operating results and financial condition, given the high concentration of sales from course offerings under the Rich Dad<sup>®</sup> Education Brand***

Our Rich Dad<sup>™</sup> Education real estate and financial market course offerings accounted for a significant portion of our total cash sales and total revenue in 2013. If sales from the Rich Dad<sup>™</sup> Education Brand were to decrease for any reason or if our relationship with the Rich Dad Parties was terminated due to default under our agreements with the Rich Dad Parties, it would have a material adverse effect on our business, results of operations and financial condition. Our new agreements with the Rich Dad Parties are effective through August 31, 2018; however, there can be no assurances that our relationship will not terminate prior to that date if a default were to be declared. See the section entitled “Licensing Agreements with the Rich Dad Parties” above, for a discussion of the terms of this significant agreement.

***Uncertain economic conditions and other changes experienced by our customers, including the willingness to trade or invest in securities or real estate, could influence their willingness to spend their discretionary income on our course offerings, contributes to uncertainty in forecasting risk regarding our future results of operations.***

Uncertain economic conditions may affect our customers’ discretionary income, access to credit and ability and willingness to purchase our training courses and products. Economic conditions and consumer spending are influenced by a wide range of factors that are beyond our control in which we have significant forecasting risk. These conditions include but are not limited to:

- Demand for training and our related products;
- Conditions in the securities and investment markets;
- Conditions in the real estate market;
- Availability of mortgage financing and other forms of credit and consumer credit;
- General economic and business conditions;
- Adverse changes in consumer confidence levels;
- General political developments; and
- Adverse weather or natural or man-made disasters.

A prolonged economic downturn or uncertainty over future economic conditions, particularly in the U.S., could increase these effects on our business. In addition, our ongoing business improvement efforts and related operational changes adds to the difficulty and risk of forecasting the timing, magnitude and direction of operational and financial outcomes with respect to our business.

***We face significant competition in our markets.***

Our success depends upon our ability to attract customers by providing high-quality courses and training materials, as well as to attract and retain quality trainers to provide those courses. The market for training courses for specific business issues, such as real estate or stock market investing, is intensely competitive. If we are unable to successfully compete, our business, operating results and financial condition will be materially harmed. Certain competitors may be able to secure alliances with customers and affiliates on more favorable terms, devote greater resources to marketing and promotional campaigns and devote substantially more resources to course development than we can. In addition, it is possible that certain competitors, or potential competitors, could reduce their pricing to levels that would make it difficult for us to compete. Increased competition may result in reduced operating margins, as well as loss of market share and brand recognition.

In addition, in order to compete effectively in our markets, we may need to change our business in significant ways. For example, we may change our pricing, product, or service offerings, make key decisions about technology changes or marketing strategies, or acquire additional businesses or technologies. Any of these actions could hurt our business, results of operations, and financial condition.

***Laws and regulations can affect the operation of our business and may limit our ability to operate in certain jurisdictions.***

Federal, state and international laws and regulations impact our operations and may limit our ability to obtain authorization to operate in some states or countries. Many federal, state and international governmental agencies assert authority to regulate providers of investment training programs. Failure to comply with these regulations could result in legal action instituted by the jurisdictions, including cease and desist and injunctive actions. In the event we are subject to such legal action, our reputation could be harmed and the demand for our course offerings could be significantly reduced. We are involved from time to time in routine legal matters incidental to our business, including disputes with students and requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations. Future regulatory changes with respect to the various topics of our courses or the investment techniques we teach, could also impact the content of our course offerings, which in turn, could negatively impact future sales.

***We could have liability or our reputation could be damaged if we do not protect customer data or if our information systems are breached.***

We are dependent on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our customers. Security breaches of this infrastructure could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information. We are also required at times to manage, utilize and store sensitive or confidential customer or employee data. As a result, we are subject to numerous U.S. and foreign jurisdiction laws and regulations designed to protect this information, such as the various U.S. federal and state laws governing the protection of individually identifiable information. If any person, including any of our associates, negligently disregards or intentionally breaches our established controls with respect to such data or otherwise mismanages or misappropriates that data, we could be subject to monetary damages, fines and/or criminal prosecution. Unauthorized disclosure of sensitive or confidential customer or employee data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose customers.

***Our ability to offer courses may be affected by natural disaster, strikes or other unpredictable events.***

Natural disasters, external labor disruptions and other adverse events may affect our ability to conduct our business, resulting in a loss of revenue. Severe weather or natural disasters, such as floods and earthquakes, may reduce the ability of our course participants to travel to our courses. These natural disasters may also disrupt the printing and transportation of the materials used in our direct mail campaigns. Furthermore, postal strikes could occur in the countries where we operate which could delay and reduce delivery of our direct mail marketing materials. Transportation strikes could also occur in the countries where we operate, adversely affecting course offerings.

***Our operations outside the United States subject us to additional risks inherent in international operations.***

We currently operate in the United Kingdom, Canada and other international markets in addition to our U.S. operations and we plan on expanding our international business going forward. As a result, we face risks that are inherent in international operations, including:

- Complexity of operations across borders;
- Currency exchange rate fluctuations;
- Multiple and possibly overlapping or conflicting tax laws;
- Applicability of training concepts to foreign markets; and
- Compliance with foreign regulatory requirements including data protection

If we are unable to successfully manage these factors, our business could be adversely affected and our results of operations could suffer.

***Our loss of any of our key executive personnel, or high performing trainers, could disrupt our operations and reduce our profitability.***

The loss of the services of any key individuals may have a material adverse effect on our business. We currently do not maintain key man insurance on any member of our senior executive management team.

Our future success also depends on our ability to retain and attract high performing speakers and trainers. The loss and/or inability to retain these speakers and trainers, or to recruit suitable replacements, may affect our performance and reduce our profitability.

***Any decrease in the popularity of the Rich Dad<sup>®</sup> Education Brand would have an adverse impact on our financial condition.***

If the Rich Dad<sup>™</sup> Education Brand were to experience a decrease in popularity, it would have a significant impact on our business, results of operations and financial condition. In the current economic environment, many individuals are not interested in purchasing real estate investment courses or products. The decreased interest in real estate investing could impact the Rich Dad<sup>™</sup> Education Brand. Additionally, if Mr. and Mrs. Kiyosaki, the founders of the Rich Dad<sup>™</sup> Education Brand, do not spend as much time in the public eye, it could impact the popularity of the Rich Dad<sup>™</sup> Education Brand and consequently impact our sales of Rich Dad<sup>™</sup> Education products.

***If there is a material change in our relationships with our customers or in the demand by potential customers for our services, it could have a significant impact on our business.***

Our success is dependent on our ability to successfully attract customers to programs that they feel will enhance their skill sets and enhance their earning power. Their level of satisfaction with our course offerings affects our reputation as they tell others about their experience. Our business could suffer if we fail to deliver quality programs at acceptable price points.

***We are highly dependent on our senior management, and if we are not able to retain them or to recruit and retain additional qualified personnel, our business will suffer.***

We are highly dependent upon our senior management, including Anthony C. Humpage, our Chief Executive Officer. The loss of services of Anthony C. Humpage or any other member of our senior management could have a material adverse effect on our business, prospects, financial condition and results of operation.

We may choose to increase our management personnel. For example, we will need to obtain certain additional functional capability, including regulatory, sales, quality assurance and control, either by hiring additional personnel or by outsourcing these functions to qualified third-parties. We may not be able to engage these third-parties on terms favorable to us. Also, we may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel among companies that operate in our markets. If we fail to identify, attract, retain and motivate highly skilled personnel, or if we lose current employees, our business, prospects, financial conditions and results of operations could be adversely affected.

***A single stockholder controls us.***

Holdings owns approximately 80% of our issued and outstanding shares of Common Stock. Holdings has the voting ability to influence the membership of our Board of Directors and the outcome of other decisions requiring stockholder approval. This level of ownership may delay, deter or prevent the change of control of us, even if such change of control would be beneficial to the other holders of our securities.

**Risks Related to Ownership of Our Common Stock**

***We may issue shares of preferred stock that subordinate your rights and dilute your equity interests.***

We believe that for us to successfully execute our business strategy we will need to raise investment capital and it may be preferable or necessary to issue preferred stock to investors. Preferred stock may grant the holders certain preferential rights in voting, dividends, liquidation or other rights in preference over a company's common stock.

The issuance by us of preferred stock could dilute both the equity interests and the earnings per share of existing holders of our Common Stock. Such dilution may be substantial, depending upon the number of shares issued. The newly authorized shares of preferred stock could also have voting rights superior to our Common Stock, and in such event, would have a dilutive effect on the voting power of our existing stockholders.

Any issuance of preferred stock with voting rights could, under certain circumstances, have the effect of delaying or preventing a change in control of us by increasing the number of outstanding shares entitled to vote and by increasing the number of votes required to approve a change in control of us. Shares of voting or convertible preferred stock could be issued, or rights to purchase such shares could be issued, to render more difficult or discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Such issuances could therefore deprive our stockholders of benefits that could result from such an attempt, such as the realization of a premium over the market price that such an attempt could cause. Moreover, the issuance of such shares of preferred stock to persons friendly to our Board of Directors could make it more difficult to remove incumbent managers and directors from office even if such change were to be favorable to stockholders generally.

***Our Common Stock has a limited trading market, which could affect your ability to sell shares of our Common Stock and the price you may receive for our Common Stock.***

Our Common Stock is currently traded in the over-the-counter market and "bid" and "asked" quotations regularly appear on the OTC Bulletin Board and the OTCQB maintained by OTC Markets, Inc. under the symbol "PRCD". We have applied to trade our shares of Common Stock under the symbol "LEAI". There is only limited trading activity in our securities. We have a relatively small public float compared to the number of our shares outstanding. Accordingly, we cannot predict the extent to which investors' interest in our Common Stock will provide an active and liquid trading market, which could depress the trading price of our Common Stock and could have a long-term adverse impact on our ability to raise capital in the future. Due to our limited public float, we may be vulnerable to investors taking a "short position" in our Common Stock, which would likely have a depressing effect on the price of our Common Stock and add increased volatility to our trading market. The volatility of the market for our Common Stock could have a material adverse effect on our business, results of operations and financial condition. There cannot be any guarantee that an active trading market for our securities will develop or, if such a market does develop, will be sustained. Accordingly, investors must be able to bear the financial risk of losing their entire investment in our Common Stock.

***You may have limited access to information regarding our Company because we are a limited reporting company exempt from many regulatory requirements.***

As a public company subject to Section 15(d) of the Exchange Act, we are not required to prepare proxy or information statements; our Common Stock is not subject to the protection of the going private regulations; the Company is subject to only limited portions of the tender offer rules; our officers, directors, and more than ten (10%) percent stockholders are not required to file beneficial ownership reports about their holdings in our Company; such persons are not subject to the short-swing profit recovery provisions of the Exchange Act; and stockholders of more than five percent (5%) are not required to report information about their ownership positions in the securities. As a result, investors will have reduced visibility as to the Company and its financial condition.

***We may voluntarily file for deregistration of our Common Stock with the Commission.***

Compliance with the periodic reporting requirements required by the SEC consumes a considerable amount of both internal, as well external, resources and represents a significant cost for us. Our senior management team has relatively limited experience managing a company subject to the reporting requirements of the Exchange Act, and the regulations promulgated thereunder. Our management will be required to design and implement appropriate programs and policies in responding to increased legal, regulatory compliance and reporting requirements, and any failure to do so could lead to the imposition of fines and penalties and harm our business.

In addition, if we are unable to continue to devote adequate funding and the resources needed to maintain such compliance, while continuing our operations, we may be in non-compliance with applicable SEC rules or the securities laws, and be delisted from the OTC Bulletin Board or other market we may be listed on, which would result in a decrease in or absence of liquidity in our Common Stock, and potentially subject us and our officers and directors to civil, criminal and/or administrative proceedings and cause us to voluntarily file for deregistration of our Common Stock with the Commission.

***Our management and our independent auditors have identified internal control deficiencies, which our management and our independent auditors believe constitute material weaknesses.***

Our management and our independent auditors have determined that we presently do not have an internal control system or procedures that are effective and may be relied upon in connection with our financial reporting. The weaknesses in our internal control system that were identified by our auditors generally include weakness that present a reasonable possibility that a material misstatement of our annual or interim financial statements will not be identified, prevented or detected on a timely basis, and specifically include:

- the determination of policies regarding certain areas of revenue recognition
- the valuation of deferred income taxes
- insufficient internal controls over our information technology systems, which permits unauthorized changes to our financial records to not be prevented or detected in a timely manner, and insufficient redundant back up of our financial records.

If we fail to effectively remediate any of these material weaknesses or other material weaknesses or deficiencies in our control environment that may be identified in the future, we may be unable to accurately report our financial results, or report them within the time frames required by law or exchange regulations, to the extent applicable, which would have a negative impact on us and our share price.

***Future sales of our Common Stock in the public market could lower the price of our Common Stock and impair our ability to raise funds in future securities offerings.***

We may decide to raise additional capital through the sale of our securities. Future sales of a substantial number of shares of our Common Stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of our Common Stock and could make it more difficult for us to raise funds in the future through the sale of our securities.

In the event we raise capital through a private placement of our Common Stock and/or other securities convertible into shares of our Common Stock, such offering could dilute both the equity interests and the earnings per share of our stockholders. Such dilution may be substantial, depending upon the number of shares issued in any potential private placement.

***The market price of our Common Stock may be volatile and may be affected by market conditions beyond our control.***

The market for our common shares is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, our shares of Common Stock are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of shares of our Common Stock are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Second, we are a speculative or “risky” investment due to our limited operating history and lack of profits to date, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our Common Stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our Common Stock will be at any time, including as to whether our Common Stock will sustain its current market price, or as to what effect the sale of shares or the availability of Common Stock for sale at any time will have on the prevailing market price.

The market price of our Common Stock is subject to significant fluctuations in response to, among other factors:

- changes in our financial performance or a change in financial estimates or recommendations by securities analysts;
- announcements of innovations or new products or services by us or our competitors;
- the emergence of new competitors or success of our existing competitors;
- operating and market price performance of other companies that investors deem comparable;
- changes in our Board of Directors or management;
- sales or purchases of our Common Stock by insiders;
- commencement of, or involvement in, litigation;
- changes in governmental regulations; and
- general economic conditions and slow or negative growth of related markets.

In addition, if the market for stock in our industry, or the stock market in general, experience a loss of investor confidence, the market price of our Common Stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause the price of our Common Stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and distract our Board of Directors and management.

***We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market prices of our Common Stock for returns on your investment.***

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our Common Stock. Accordingly, investors must be prepared to rely on sales of their Common Stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our Common Stock. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

***We are subject to penny stock regulations and restrictions and you may have difficulty selling shares of our Common Stock.***

The Commission has adopted regulations which generally define so-called “penny stocks” as an equity security that has a market price of less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exemptions. Our Common Stock is a “penny stock”, and we are subject to Rule 15g-9 under the Exchange Act, or the Penny Stock Rule. This rule imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and “accredited investors” (generally, individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouses). For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and receive the purchaser’s written consent to the transaction prior to sale. As a result, this rule affects the ability of broker-dealers to sell our securities and affects the ability of purchasers to sell any of our securities in the secondary market.

For any transaction involving a penny stock, unless exempt, the rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule prepared by the Commission relating to the penny stock market. Disclosure is also required to be made about sales commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

There can be no assurance that our shares of Common Stock will qualify for exemption from the Penny Stock Rule. In any event, even if our Common Stock were exempt from the Penny Stock Rule, we would remain subject to Section 15(b)(6) of the Exchange Act, which gives the Commission the authority to restrict any person from participating in a distribution of penny stock if the Commission finds that such a restriction would be in the public interest.

In addition to the “penny stock” rules described above, the Financial Industry Regulatory Authority (“FINRA”) has adopted similar rules that may also limit a stockholder’s ability to buy and sell our Common Stock. FINRA rules require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for such customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

We are a shell company and, under Rule 144, shareholders of restricted stock will be able to trade our shares of common stock on and after the date that is one year after the date that this current report on Form 8-K is filed with the SEC, if such shares are sold at market price on bulletin board could create downward pressure on stock. This would make any financing or capital market transactions by the Company more difficult to achieve at prices that we would find acceptable.

***Stockholders holding restricted shares of common stock may sell shares under Rule 144 in a manner that adversely affects our share price, even if our business is doing well.***

Approximately 80% of our issued and outstanding shares of common stock are not registered under the Securities Act (or restricted common stock). If Holdings distributes these shares to its stockholders or shares are otherwise provided to such stockholders in exchange for their stock in Holdings, then the stockholders of Holdings would be the stockholders that hold the restricted common stock. Stockholders holding such shares restricting common stock are permitted sell such shares in public market transactions in accordance with Rule 144 under the Securities Act (“Rule 144”), which permits the resale of restricted common stock without requiring registration, subject to various terms and conditions, including certain volume limitations that are applicable if the stockholder is an affiliate of us or acquired shares from an affiliate within a specified period of time (90 days prior to the proposed sale date). Rule 144 effectively permits stockholders to sell shares of restricted common stock as if such shares were registered. Prior to the Merger, we were deemed to be a “shell company,” and accordingly, stockholders of restricted common stock will be permitted to use Rule 144 from and after the trading date that is one year after the date of this Current Report on Form 8-K, provided that at the time of any such sale, we have satisfied certain reporting requirements which we will satisfy if we comply with our reporting obligations as a public company. This one year date is referred to as the “cliff” and marks the date that a significant amount of our current public float may freely trade. If a large number of our shares of restricted common stock are sold in market transactions, or otherwise, there would be significant selling pressure and the market price of our Common Stock would be adversely affected, even if our business is doing well and the price does not reflect the true fair value of our shares of Common Stock. Any such event could also impair our ability to raise capital.

*Provisions of the Nevada corporate law limit the ability of the acquisition of our company.*

The Nevada Revised Statutes, which is the general corporate law applicable to us, contain provisions governing acquisition of controlling interest of us. These provisions provide generally that any person or entity that acquires a certain percentage of our outstanding voting shares may be denied voting rights with respect to the acquired shares, unless the holders of a majority of the voting power of us, excluding the shares that any such acquiring person or entity, an officer or a director of the corporation, and an employee of the corporation exercises voting rights, elect to restore such voting rights in whole or in part. This provision of the Nevada Revised Statutes could impede an acquisition of us even if a premium would be paid to our stockholders for their shares.

## PROPERTIES

The following table sets forth our office locations as of November 10, 2014:

<b>Purpose</b>	<b>Location</b>	<b>Own/lease</b>	<b>Approximate square footage</b>	<b>Lease expiration</b>
Executive offices	Cape Coral, FL	Own	40,734	—
U.S. operations and telemarketing headquarters	Salt Lake City, UT	Lease	6,294	November 2018
Canadian headquarters	Vaughn, Ontario	Lease	5,100	February 2019
United Kingdom headquarters	Richmond, Surrey	Lease	1,880	May 2015
U.K. training center	Richmond, Surrey	Lease	1,470	February 2015
			<u>55,478</u>	

We are the sole beneficiary of a land trust that owns the land and building of our executive offices in Cape Coral, Florida. James E. May, our Chief Administrative Officer and General Counsel, serves as the trustee. Our executive office building is approximately 40,734 square feet and is situated on approximately 4.5 acres.

We lease approximately 6,294 square feet of office space in Salt Lake City, Utah for our U.S. operations and telemarketing headquarters. The lease expires in November 2018 and rent is payable monthly at rates increasing from \$8,890 to \$10,306 over the term of the lease.

We lease approximately 5,100 square feet of office space in Ontario, Canada for our Canadian headquarters. The lease expires in February 2019 and rent is payable monthly at rates increasing from approximately \$3,000 to \$3,400 over the term of the lease.

We lease approximately 1,880 square feet of office space in Surrey, England for our United Kingdom headquarters. The lease expires in May 2015 and our monthly rental rate is approximately \$27,100.

We lease approximately 1,470 square feet of office space in Surrey, England which is being used as a training center. The lease expires in February 2015 and the rent is approximately \$23,300 per month.

We believe that our facilities are adequate for our current purposes.

## LEGAL PROCEEDINGS

Tigrent Group Inc., Rich Dad Education, LLC, and Tigrent Enterprises Inc. v. Cynergy Holding, LLC, Bank of America, N.A., BA Merchant Services, LLC, BMO Harris Bank, N.A. and Moneris Solutions Corporation, was originally filed in the U.S. District Court for the Eastern District of New York (No. 13 Civ. 03708) on June 28, 2013, but, due to a challenge to federal jurisdiction, was subsequently recommenced in the Supreme Court of New York, County of Queens (No. 703951/2013), on September 19, 2013. In the lawsuit, we are seeking, among other things, recovery of the \$8.3 million in reserve funds withheld from us in connection with credit card processing agreements executed with the Defendant credit card processing entities as well as with Process America (“PA”), a so-called “Independent Sales Organization” that places merchants with credit card processors. The Amended Complaint alleges that the Defendants breached their contractual obligations to us under our credit card processing agreements by improperly processing and transferring our reserve funds to PA. We allege that Bank of America and BA Merchant Services are liable for a portion of our total damages arising from these breach of contract claims (approximately \$4.7 million), while Cynergy, Harris Bank, and Moneris are liable for the total damages of approximately \$8.3 million. We also allege that Cynergy, Harris Bank and Moneris committed common law fraud and negligent misrepresentation by failing to disclose to us the unauthorized processing and transfers to PA notwithstanding their knowledge of the mishandling of funds and of the fact that PA had failed to maintain the reserve funds as required under the agreements. Pursuant to both of these claims, we allege that we are entitled to recover the full amount of our damages, as well as, with respect to the fraud claim, punitive damages.

Tigrent Group Inc. v. Process America, Inc., Case No 1:12-cv-01314-RLM, filed March 16, 2012 in the U.S. District Court for the Eastern District of New York. In this case we sought the return of the \$8.3 million credit card merchant reserve account deposit held by Process America, a so-called “Independent Sales Organization” that places merchants with credit card processors. On November 12, 2012, PA filed for bankruptcy protection in the U.S. Bankruptcy Court for the Central District of California (“Bankruptcy Court.”) On December 3, 2012, the Bankruptcy Court obtained jurisdiction of our dispute with PA. On June 21, 2013, the Tigrent Group filed its proof of claim with Bankruptcy Court in the amount of approximately \$8.3 million.

Tigrent and Tranquility Bay of Southwest Florida, LLC v. Gulf Gateway Enterprises, LLC, Dunlap Enterprises, LLC, Anthony Scott Dunlap, Peter Gutierrez, and Ignacio Guigou, Case No. 11-CA-000342 filed January 28, 2011 in the 20th Judicial Circuit, Lee County, FL Civil Division. This is a suit brought by the Company and its affiliate, Tranquility Bay of Southwest Florida, LLC (“TBSWF”), a Florida limited liability company of which the Company is the sole member. This suit (hereinafter referred to as “Tigrent v. GGE”) was brought to enforce the terms of a settlement agreement with the defendants that resolved a prior mortgage foreclosure suit brought by the Company to foreclose on property owned by TBSWF in Lee County, Florida (the “2009 Settlement”). Pursuant to the 2009 Settlement, the Company acquired the membership interest in TBSWF and the defendants made certain representations and warranties, and undertook certain obligations, regarding TBSWF and the property it owned. In the 2011 lawsuit, the Company and TBSWF alleged that the defendants breached the 2009 Settlement Agreement. The defendants and Drevid, LLC, another party to the 2009 Settlement, filed various counter- and cross-complaints against the Company and TWBSF for transferring the real property owned by TBSWF to a third party in 2010, allegedly in violation of the 2009 Settlement. Trial was held in the 20th Judicial Circuit, Lee County Florida and on August 4, 2014, the Court entered an order entering judgment in favor of the Company and TBSWF on the defendants’ counterclaims and on the cross-claims by Drevid LLC (another party to the 2009 Settlement) and awarding the Company and TBSWF approximately \$291,000 in damages. The Company and TWBSF have filed a motion for its attorneys’ fees and pre-judgment interest on August 7, 2014. On August 8, 2014, the defendants and Drevid have filed Motions to Alter or Amend the Judgment and for New Trial and/or Rehearing. On October 22, 2014, the Court granted our motion for attorneys’ fees and prejudgment interest and reserved jurisdiction to determine the amount of such fees and costs to be awarded to us. Also on October 22, 2014, the Court denied the defendants’ and Drevid’s Motions to Alter or Amend the Judgment and for a New Trial and/or Rehearing. This motion is now subject to an appeal.

In a matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, the law firm of Aloia and Roland, LLP has filed a lawsuit captioned Aloia and Roland, LLP v. Anthony Scott Dunlap, Dunlap Enterprises, LLC, Tranquility Bay of Pine Island, LLC and Tranquility Bay of Southwest Florida, LLC, in the 20th Judicial Circuit for Lee County Florida to (i) enforce the terms of a promissory note in the principal amount of approximately \$150,000 allegedly issued by TBSWF in payment of attorneys allegedly owed by TBSWF to the plaintiff, plus interest and late fees through the date of filing in the combined amount of approximately \$142,000 and (ii) to foreclose on a mortgage that placed by Aloia and Roland, LLP on the real property that was owned by TBSWF and transferred in 2010 that was the subject of the Tigrent v. GGE lawsuit described in the immediately preceding paragraph. This mortgage was placed on the real property prior to the Company acquiring TBSWF. The placing of the mortgage on the real property was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement Agreement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the lawsuit. TBSWF has defenses in this matter, although there can be no guarantee of a favorable outcome. In addition, TBSWF has made demand for indemnification on the Tigrent v. GGE defendants and Drevid, LLC under the 2009 Settlement Agreement.

Tranquility Bay of Southwest Florida, LLC v. Michael A. Schlosser; Rebecca H. Schlosser; Drevid, LLC; Anthony Scott Dunlap; Kayleen A. Dunlap; Dunlap Enterprises, LLC; GGE, LLC; Peter Gutierrez, and Ignacio, Case No. 14-CA-003160, filed October 30, 2014 in the Circuit Court of the 20<sup>th</sup> Judicial Circuit for Lee County, Florida. In another matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, TBSWF seeks a declaratory judgment against all defendants that (i) a promissory note allegedly issued to Michael Schlosser by Dunlap Enterprises, LLC on behalf of TBSWF in 2009 in the principal amount of approximately \$2.2 million plus interest through August 3, 2014 in the amount of approximately \$2.2 million (the "Schlosser Note") is invalid and unenforceable, (ii) Dunlap Enterprises, LLC lacked the authority to execute the Schlosser Note on behalf of TBSWF, (iii) TBSWF received no consideration for the purported execution of the Schlosser Note, (iv) that the Schlosser Note is in fact a consolidation of debt incurred by defendants Anthony Scott Dunlap, Kayleen Dunlap, Dunlap Enterprises, LLC, and GGE, LLC, (v) all rights to the Schlosser Note were previously assigned to Drevid, LLC, and (vi) such other and further relief as deemed just and proper by the Court. The Schlosser Note was issued prior to the Company acquiring TBSWF. Michael Schlosser is affiliated with Drevid, LLC, a party to the Tigrent v. GGE lawsuit described above. The failure to inform the Company and TBSWF of the existence of the Schlosser Note was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the Note. In addition, TBSWF seeks indemnification from Mr. Dunlap, Dunlap Enterprises, LLC, Mr. Guigio and Mr. Gutierrez under the 2009 Settlement for fees and costs incurred by TBSWF in defending against claims by Michael Schlosser and Rebecca Schlosser under the Schlosser Note, including damages and prejudgment interest, and any additional relief deemed just and proper by the Court.

Watson v. Whitney Education Group, Inc. Russ Whitney, United Mortgage Corporation, Gulfstream Realty and Development, Inc. Douglas Realty, Inc. and Paradise Title Services, Inc., first filed September 21, 2007 in the in 20th Judicial Circuit, Lee County, FL, Case No. 07-CA-011207. In this case (hereinafter referred to as "Watson v. WEG"), Jeffrey Watson ("Watson") alleged against Whitney Education Group, Inc., a subsidiary of the Company, causes of action for breach of contract, breach of fiduciary duty, violation of Florida's Deceptive and Unfair Trade Practices Act, breach of contractual obligation of good faith, constructive fraud, conspiracy to commit fraud, declaratory judgment, fraud in the inducement, Florida RICO conspiracy, and federal RICO conspiracy, based upon losses Watson alleges he incurred as the result of his purchase of real property from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson seeks compensatory damages in an unspecified amount, punitive damages, treble damages, injunctive relief, declaratory relief, and fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company's by-laws. WEG has filed a motion to dismiss, which is still awaiting a ruling from the court.

In related matters, *Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc.* and *Russell Whitney*, Case No. 2008-CA-5870-NC and *Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc.* and *Russell Whitney*, Case No. 2008-CA-5877-NC, both filed June 6, 2008 in the 12th Judicial Circuit, Sarasota County, FL Civil Division. These matters arose out of two mortgage foreclosure actions by Huron River Area Credit Union against Jeffrey Watson (“Watson”), which involve the real property that is the subject of the *Watson v. WEG* matter, above. Watson filed a cross-complaint against the Company’s Whitney Education Group subsidiary, n/k/a Rich Dad Education Inc., (“WEG”) and Russell A. Whitney, the Company’s founder and former Chief Executive Officer. In his cross-complaints, Watson alleges causes of action for common law indemnity, breach of contract, breach of the Florida Unfair and Deceptive Trade Practices Act, and conspiracy to commit fraud based on the purchase land and improvements in Lee County, Florida from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson is seeking unspecified compensatory damages, punitive damages, attorney’s fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company’s by-laws. WEG has filed a motion to dismiss in each case, which are still awaiting a ruling from the court.

We are also involved from time to time in routine legal matters incidental to our business, including disputes with students and requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations.

## MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial data discussed below is derived from our audited financial statements for the fiscal years ended December 31, 2013 and 2012, and our unaudited condensed consolidated financial statements for the six months ended June 30, 2014 and 2013 which are found elsewhere in this Current Report on Form 8-K. Our financial statements are prepared and presented in accordance with generally accepted accounting principles in the U.S.. The financial data discussed below is only a summary and investors should read the following discussion and analysis of our financial condition and results of our operations in conjunction with our financial statements and the related notes to those statements included elsewhere in this Current Report on Form 8-K. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Our actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled “Risk Factors”, and elsewhere in this Current Report on Form 8-K.

### Business Overview

We provide practical, high-quality and value-based training, conferences, publications, technology-based tools and mentoring to help customers become financially knowledgeable and elevate the financial well-being of people from all walks of life, primarily through our Rich Dad™ Education brand, which is based on the teachings of Robert Kiyosaki, entrepreneur, investor, educator and author of bestseller *Rich Dad Poor Dad*. Our services are delivered through various channels that include live courses, online trainings, coaching, mentoring programs, and multi-media products that impart skills and knowledge in real estate investing, financial instrument investing (stocks, bonds, etc.), entrepreneurship and personal finance.

### Non-GAAP Financial Measures

#### *Adjusted EBITDA*

As used in our operating data, EBITDA is defined as net income (loss) excluding the impact of: interest expense; interest income; income tax provision; and depreciation and amortization. We define “Adjusted EBITDA” as EBITDA adjusted for: asset impairments; debt forgiveness; other income, net; gain/loss from sale of assets; legal settlements; impacts from our noncontrolling interests, losses from discontinued operations, the net change in deferred revenue; and the net change in deferred course expenses. Adjusted EBITDA is not a financial performance measurement according to accounting principles generally accepted in the United States (“GAAP”).

We use Adjusted EBITDA as a key measure in evaluating our operations and decision-making. We feel it is a useful measure in determining our performance since it takes into account the change in deferred revenue and deferred course expenses in combination with our operating expenses. We reference Adjusted EBITDA frequently, since it provides supplemental information that facilitates internal comparisons to historical operating performance of prior periods and external comparisons to competitors’ historical operating performance in our industry. We plan and forecast our business using Adjusted EBITDA, with comparisons of actual to planned and forecasted Adjusted EBITDA and we provide incentives to management based on Adjusted EBITDA goals. In addition, we provide Adjusted EBITDA because we believe investors and security analysts find it to be a useful measure for evaluating our performance.

Many costs to acquire customers have been expended before a customer attends any basic or advanced training. Those costs include media, travel and lodging facilities and instructor fees for the preview workshops and are expensed when incurred. Licensing fees paid to the Rich Dad Parties and telemarketing and speaker commissions are deferred and recognized when the related revenue is recognized. Revenue recognition of course fees paid by customers to enroll in any basic or advanced training courses at registration is deferred until (i) the course is attended by the customer, (ii) the customer has received the course content in an electronic format, (iii) the contract expires, triggering revenue recognition through course breakage. It is only after one of those three occurrences that revenue is considered earned. Thus, reporting in accordance with GAAP creates significant timing differences between the receipt and disbursement of cash on the one hand with the recognition of the related revenue and expenses, both in our Consolidated Statements of Cash Flows and Consolidated Statements of Operations and Comprehensive Income (Loss), on the other. As a result of these timing differences, our operating cash flows can vary significantly from our results of operations for the same period. For this reason, we believe Adjusted EBITDA is an important non-GAAP financial measure.

Adjusted EBITDA has material limitations and should not be considered as an alternative to net income (loss), cash flows provided by operations, investing or financing activities or other financial statement data presented in the Consolidated Financial Statements as indicators of financial performance or liquidity. Items excluded from Adjusted EBITDA are significant components in understanding our financial performance. Because Adjusted EBITDA is not a financial measurement calculated in accordance with GAAP and is subject to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of performance used by other companies.

The table below is a reconciliation of our net income to EBITDA and Adjusted EBITDA for the periods set forth below (in thousands):

	<b>Six Months ended</b>		<b>Years ended</b>	
	<b>June 30,</b>		<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
Net income (loss)	\$ 7,772	\$ 1,815	\$ 4,329	\$ (5,556)
Interest income	(5)	(3)	(18)	(15)
Interest expense	33	100	182	242
Provision (benefit) for income taxes	38	(308)	(435)	(712)
Depreciation and amortization	<u>111</u>	<u>159</u>	<u>276</u>	<u>296</u>
EBITDA	7,949	1,763	4,334	(5,745)
Impairment of deposits with credit card processor	-	-	-	8,313
Litigation settlement	(1,300)	-	-	-
Forgiveness of debt	-	-	(1,652)	-
Other, net	(209)	(14)	(549)	(1,276)
Noncontrolling interest	-	-	-	(84)
Loss (gain) on disposition of assets	-	14	16	(22)
Loss on discontinued operations	-	27	525	258
Net change in deferred revenue	(10,578)	(2,212)	(7,350)	(1,789)
Net change in deferred course expenses	<u>3,815</u>	<u>(115)</u>	<u>1,459</u>	<u>(270)</u>
Adjusted EBITDA	<u>\$ (323)</u>	<u>\$ (537)</u>	<u>\$ (3,217)</u>	<u>\$ (615)</u>

## Cash Sales

The following table provides a reconciliation of our cash sales by segment to our reported revenue. Cash sales performance is a metric used by management in assessing the performance of each of our business segments. Deferred revenue represents the difference between our cash sales and the impact of applying our revenue recognition policies to those cash sales. Cash sales are not a financial performance measurement in accordance with GAAP; therefore we are presenting a table to reconcile the cash sales to revenue reported in accordance with GAAP (table presented in thousands):

	Six Months ended June 30,		Years ended December 31,	
	2014	2013	2013	2012
Cash received from course and product sales:				
U.S	\$ 25,672	\$ 31,998	\$ 53,585	\$ 62,506
Canada	2,750	3,905	7,213	8,160
U.K. and other foreign markets	13,414	6,816	16,970	11,577
Total consolidated cash received from course and product sales	41,836	42,719	77,768	82,243
Change in deferred revenue				
(Increase)/decrease to deferred revenue:				
U.S	13,899	3,044	9,709	4,097
Canada	668	(159)	268	(1,058)
U.K. and other foreign markets	(3,989)	(673)	(2,627)	(1,250)
Total consolidated change in deferred revenue	10,578	2,212	7,350	1,789
Revenue:				
U.S	39,571	35,042	63,294	66,603
Canada	3,418	3,746	7,481	7,102
U.K. and other foreign markets	9,425	6,143	14,343	10,327
Total consolidated revenue for financial reporting purposes	\$ 52,414	\$ 44,931	\$ 85,118	\$ 84,032

## Executive Overview and Outlook

During 2013 we made certain transitional actions such as implementing new sales and marketing procedures developed by our new CEO who was hired in September 2012. We plan on decreasing our reliance on the Rich Dad brand in North America by introducing other brands in these markets. This will likely decrease our near term revenues. We will also promote and diversify our brands in the U.K., which reduce our reliance on the Rich Dad brand. Our renegotiated licensing and other arrangements with the Rich Dad Operating Co. LLC, as discussed in the "Licensing Agreements" section above, was a significant milestone for us in 2014. It included, among other things, the forgiveness of debt and a lower royalty rate. In return, Holdings issued RDOC approximately 1.5 million shares of its common stock.

## Results of Continuing Operations

Our operating results, expressed as a percentage of revenue are set forth in the table below:

	Six Months ended June 30,		Years ended December 31,	
	2014	2013	2013	2012
Revenue	100.0%	100.0%	100.0%	100.0%
Operating costs and expenses:				
Direct course expenses	43.4	47.5	47.6	47.5
Advertising and sales expenses	21.8	25.9	25.4	27.0
Royalty expense	7.6	7.9	8.0	7.9
General and administrative expenses	15.1	15.1	16.2	16.2
Impairment of credit card deposit	-	-	-	9.9
Total operating costs and expenses	87.9	96.4	97.2	108.5
Income (loss) from operations	12.1	3.6	2.8	(8.5)
Other income (loss):				
Other income (expense), net	0.3	(0.2)	0.5	1.3
Forgiveness of debt	-	-	1.9	-
Litigation settlement	2.5	-	-	-
Total other income (loss)	2.8	(0.2)	2.4	1.3
Income (loss) before income taxes	14.9	3.4	5.2	(7.2)
Income tax benefit (provision)	(0.1)	0.7	0.5	0.8
Net income (loss) from continuing operations	14.8%	4.1%	5.7%	(6.4%)

## Operating Segments

We operate in three operating segments based on geographic areas in accordance with Accounting Standards Codification 280, Segment Reporting.

As a percentage of total revenue	Six Months ended June 30,		Years ended December 31,	
	2014	2013	2013	2012
U.S	75.5%	78.0%	74.4%	79.3%
Canada	6.5	8.3	8.8	8.4
U.K. and other foreign markets	18.0	13.7	16.8	12.3
Total consolidated revenue for financial reporting purposes	100.0%	100.0%	100.0%	100.0%

### United States

Over the past several years, our U.S. business shifted its focus to primarily consist of *Rich Dad™ Education* brand offerings. During the first half of 2014, our Rich Dad brands account for approximately 98% of our total U.S. top line business, the majority of which pertains to real estate-related education with the balance pertaining to financial markets training. We are continuing to develop non-Rich Dad brands, such as *Independent Women™*, *Women in Wealth™*, and *Brick Buy Brick™* to diversify our business although our business to date in these brands has not been material to our Company as a whole.

### Canada

Similar to the U.S., our Canadian operations primarily consist of Rich Dad branded offerings. During the first half of 2014, our Rich Dad brands account for approximately 97% of our total Canadian top line business, the majority of which pertains to real estate-related education with the balance pertaining to financial markets training.

### U.K. and Other Foreign Markets

In contrast to our U.S. and Canadian operations, our U.K. business is more diversified among several different brands. During the first half of 2014, our Rich Dad brands account for approximately 47% of our total U.K. top line business, the majority of which pertains to real estate-related education with the balance pertaining to financial markets training.

We currently operate in other foreign markets, including Asian and African countries (including Australia, Germany, Hong Kong, India, Ireland, Malaysia, Singapore, South Africa and Sweden) although our business to date has not been material to our Company as a whole. However, we believe that these current international markets together with new international markets represent an area of future growth potential.

### Six Months Ended June 30, 2014 compared to Six Months Ended June 30, 2013

#### Overview

We had an improved first half in 2014 compared with our first half of 2013. Revenue increased by \$7.5 million; income from operations increased by \$4.7 million and net income increased by \$6.0 million. Our first half net income was favorably impacted by \$1.3 million reduction of debt as the result of a settlement of a lawsuit with the Rich Dad Parties. This income is not recurring.

## Revenue

Revenue during the six months ended June 30, 2014 was \$52.4 million compared with revenue of \$44.9 million during the six months ended June 30, 2013, an increase of \$7.5 million, or 16.7%. The increase in revenue was primarily due to fulfilling more sales during the period compared with the same period last year. Our third-party product sales in the U.K. were also higher in the first half of 2014 compared with the first half of 2013. Third-party sales refer to those in which we partner with other entities to fulfill.

The number of our total registrants during the six months ended June 30, 2014, compared with the comparable period during 2013 increased by approximately 11.9%. We experienced a decrease of customers attending the free preview workshops that purchased one or more of our basic training courses by approximately 29%, which we believe is primarily due to increasing the price points of our basic training courses during the second half of 2013 and also due to using new speakers for the free workshops, who initially may be less effective than established speakers in terms of selling the basic training courses.

## Operating Expenses

Total operating expenses increased by \$2.8 million, or 6.4%, during the six months ended June 30, 2014 compared to the first six months of 2013, while revenue increased by 16.7% during the same period, resulting in decreased operating expenses, as a percentage of revenue in the current year period when compared to the same period last year. The following discussion outlines the more significant components of our operating expenses.

### *Direct course expenses*

Direct course expenses relate to our free preview workshops, basic training and advanced training, and consist of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses.

Direct course expenses, as a percentage of revenue, decreased 4.1% in 2014, which was primarily attributable to a higher proportional fulfillment rate from e-learning versus live classes for our advanced training, which have lower average costs to fulfill.

### *Advertising and sales expenses*

We generally obtain most of our potential customers through internet-based advertising. Our trend of increasing online advertising and reducing television and radio advertising continued during the first quarter of 2014 as we believe it is a more cost-efficient method of attracting potential customers.

Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops, and costs associated with supporting customer recruitment.

We obtain the majority of our customers through free preview workshops. These preview workshops are offered in various metropolitan areas in the U.S., the United Kingdom, and Canada. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels.

Media spending increased by 1.4% during the first six months of 2014 compared with the first six months of 2013. This increase was primarily due to our electing to spend more on direct mail to promote our products and services during the first half of 2014 compared to the first half of 2013. Media spending decreased to \$66 per registrant in the first half of 2014 from \$73 per registrant in the first half of 2013, reflecting slightly improved spending efficiency.

### *Royalty expense*

We have licensing and related agreements with RDOC, whereby we have exclusive rights to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide. In connection with these agreements, we incur a royalty expense and have reflected this amount in our consolidated statements of comprehensive income (loss). On April 22, 2014, we entered into an agreement with RDOC to settle certain claims we had against RDOC, Robert Kiyosaki, and Darren Weeks, discussed more fully in the section entitled "Licensing Agreements" above. As part of this agreement, we amended the License Agreement to halve the royalty payable by us to RDOC in 2014. Royalty expense was approximately \$4.0 million for the six months ended June 30, 2014 compared with \$3.5 million in the same period of 2013. The decreased RDOC royalty rate was partially offset by higher royalty expenses incurred to other parties, primarily in the U.K.

### *General and administrative expenses*

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expense and travel for the corporate staff, as well as depreciation and amortization expenses.

General and administrative expenses increased by 17.1% during the first six months of 2014 compared to the first six months of 2013. The increase in salaries, wages and benefits was primarily due to hiring new employees during and subsequent to the first half of 2013 in our customer service, marketing, and compliance areas, together with incremental increases in executive compensation in the first half of 2014 relative to the same period in 2013. Our professional fees were higher primarily due to fees incurred for advisory and consulting services.

### *Litigation settlement*

On April 22, 2014, we entered into an agreement with RDOC to settle certain claims we had against RDOC, Robert Kiyosaki, and Darren Weeks. As part of this agreement, approximately \$1.3 million of debt was erased and reflected in our 2014 Condensed Consolidated Statement of Operations and Comprehensive Income, and essentially eliminated all of our remaining long-term debt.

### *Income tax benefit (provision)*

Our income tax provision for the six months ended June 30, 2014 was \$0.0 million compared to an income tax benefit of \$0.3 million for the six months ended June 30, 2013. For both periods, we recorded a full valuation allowance against all net deferred tax assets because there was not sufficient evidence to conclude that we would more likely than not realize those assets prior to expiration. The prior year-to-date benefit resulted from a reversal of an uncertain tax position accrual that was no longer needed once the Canada Revenue Agency completed their audits.

## **Year Ended December 31, 2013, compared to Year Ended December 31, 2012**

### **Overview**

Our North American business continued to experience declining revenues but improved adjusted EBITDA from operations. Our U.K. business continued to improve in revenue and income. During this period we renegotiated our license agreement with the Rich Dad Parties and restructured our license fees that reduced our royalty rate.

### **Revenue**

Revenue in 2013 was \$85.1 million compared with revenue of \$84.0 million in 2012, an increase of \$1.1 million, or 1.3%. The increase in revenue in 2013, compared with 2012, was primarily due an increased emphasis on fulfilling our students purchased classes.

### **Operating Expenses**

Total operating expenses declined by \$8.5 million, or 9.3%, in 2013 from 2012, while revenue increased by 1.3% during the same period, resulting in decreased operating expenses, as a percentage of revenue in 2013 when compared to 2012. The following discussion outlines the more significant components of our operating expenses.

#### *Direct course expenses*

Direct course expenses relate to our free preview workshops, basic training and advanced training, and consist of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses.

#### *Advertising and sales expenses*

Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops, and costs associated with supporting customer recruitment.

We obtain the majority of our customers through free preview workshops. These preview workshops are offered in various metropolitan areas in the U.S., the United Kingdom, and Canada. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels.

Media spending decreased by 6.7% in 2013 compared with 2012. This decrease was primarily due to the decrease in the number of events held and increased use of internet advertising. Media spending decreased to \$71 per registrant in 2013 from \$77 per registrant in 2012, reflecting improved spending efficiency.

#### *Royalty expense*

We have licensing and related agreements with RDOC, as more fully described in the "Licensing Agreements" section above, whereby we have exclusive rights to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide. In connection with these agreements, we incur a royalty expense and have reflected this amount in our consolidated statements of comprehensive income (loss). Royalty expense was approximately \$6.8 million in 2013 and \$6.6 million in 2012 despite declining revenues, due to increased royalties associated with non-Rich Dad branded programs, primarily in the U.K. and the impact of expensing the deferred portion of our licensing costs in connection with our revenue recognition policies.

#### *General and administrative expenses*

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expense and travel for the corporate staff, as well as depreciation and amortization expenses.

General and administrative expenses were relatively flat year over year.

#### *Impairment of deposits with credit card processor*

In connection with our credit card processing arrangements, we are required to maintain funds with them to cover charge backs in the event we are unable to honor our commitments. In November 2012, Process America, Inc., our then primary credit card processor, filed for bankruptcy protection, preventing our access to our funds on deposit with them. Although we have an outstanding claim with the bankruptcy court, we believe that the \$8.3 million deposit is uncollectible and, as a result, fully impaired this amount in our 2012 consolidated financial statements.

#### **Other income (expense)**

#### *Forgiveness of debt*

On September 1, 2013, we entered into a new licensing and related agreements with RDOC. As part of those agreements, approximately \$1.6 million of debt was forgiven and reflected in our 2013 consolidated statement of comprehensive income (loss).

### *Income tax benefit (provision)*

Our income tax benefit in 2013 was \$0.4 million compared to an income tax benefit of \$0.7 million in 2012. For both 2013 and 2012, we have a full valuation allowance against all net deferred tax assets because there was not sufficient evidence to conclude that we would more likely than not realize those assets prior to expiration. The 2013 tax benefit was favorably impacted by the settlement of the Canadian transfer pricing audit, which allowed us to reverse the tax expense previously recorded under ASC 740-10.

### **Known Trends**

In general, we believe we will experience increased demand for our products and services as global economic conditions continue to slowly improve since the start of the recession” in 2008, including the decline in unemployment and the increased availability of consumer credit, particularly in the U.S. We believe that our products and services appeal to those who seek increased financial freedom. If we experience a prolonged decline in demand for our products and services, it could have a material adverse effect on our future operating results.

As part of our April 22, 2014 agreements with RDOC, we reduced the royalty rate applied to our Rich Dad-branded revenues for calendar year 2014, which represents a significant savings to the Company in 2014. In 2015, the rate will revert to the normal royalty rate.

We anticipate incurring increased fees and expenses associated with our reporting obligations of a public company of not less than \$0.5 million annually, including fees and expenses for our annual audit and quarterly reviews.

We plan to expand and diversify our brand offerings which will likely lead to decreased income in short term and require a material amount of investment and incurrence of operating expenses.

### **Liquidity and Capital Resources**

Historically, we have funded our working capital and capital expenditures using cash and cash equivalents on hand. However, given our relatively modest and flat operating cash flows during the past three years, we have needed to manage our cash position to ensure the future viability of our business. Over the past several years and including the current 2014 period, we have successfully renegotiated our licensing and related agreements with the Rich Dad Parties. As part of these new agreements, we have been able to, among other things, eliminate debt and reduce our royalty rate payable to RDOC, resulting in a significant positive development for the Company.

The following is a summary of our cash flow activities for the periods stated (in thousands):

	<b>Six Months ended</b>		<b>Years ended</b>	
	<b>June 30,</b>		<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
Net cash provided by (used in) operating activities	\$ 1,117	\$ 2,692	\$ 5,073	\$ (256)
Net cash used in investing activities	(184)	(66)	(168)	(173)
Net cash used in financing activities	(270)	(753)	(1,315)	(1,674)
Effect of foreign currency exchange rates	(10)	(604)	(641)	488
Net increase (decrease) in cash and cash equivalents	<u>\$ 653</u>	<u>\$ 1,269</u>	<u>\$ 2,949</u>	<u>\$ (1,615)</u>

Net cash provided by operating activities was \$5.1 million in 2013 compared to a use of \$0.2 million for 2012. This increase was primarily driven by the forgiveness of royalties owed, pertaining to our Rich Dad brands, which resulted from the revised agreements with them.

Net cash used in investing activities was \$0.2 million in 2013 and 2012, representing our purchases of property and equipment.

Net cash used in financing activities was \$1.3 million in 2013, compared to \$1.7 million in 2012. Our debt payments decreased in 2013 due to the forgiveness of certain debts, as described in the “Licensing Agreements” section above.

We expect that our working capital deficit, which is primarily a result of our significant deferred revenue balance, will continue for the foreseeable future. As of June 30, 2014, our consolidated deferred revenue was \$62.9 million.

Our cash equivalents were, and continue to be, invested in short-term, liquid, money market funds. Restricted cash balances consisted primarily of funds on deposit with credit card processors and cash collateral with our credit card vendors. Restricted cash balances held by credit card processors are unavailable to us unless we discontinue sale of our products or discontinue the usage of a vendor's credit card. As sales of the products and services related to our domestic business have decreased, our credit card vendors have not returned funds held as collateral, resulting in slightly higher restricted cash balances.

We are committed to cash expenditures with respect to the contractual obligations set forth in the following table at December 31, 2013, adjusted for the \$1.3 million of debt settlement arising out of the settlement of a lawsuit (in thousands):

	<b>Total Debt</b>	<b>Operating Lease Commitments</b>	<b>Total Contractual Obligations</b>
2014	\$ 308	\$ 827	\$ 1,135
2015	9	358	367
2016	9	159	168
2017	9	164	173
2018	-	158	158
Thereafter	-	7	7
<b>Total</b>	<b>\$ 335</b>	<b>\$ 1,673</b>	<b>\$ 2,008</b>

### Discontinued Operations and Related Disposal

In 2001, WIN CR II Trust, an affiliate of the Company invested in Monterey del Mar, S.A. ("MDM"), a Panamanian corporation that was formed by unaffiliated promoters to acquire, develop and operate a beachfront hotel and land concession in Costa Rica known as Hotel Monterey Del Mar (the "Hotel"). However, because beach front property in Costa Rica must, by law, be owned or controlled only by Costa Rican citizens, the Hotel was acquired by Mar y Tierra del Oeste, a Costa Rican corporation ("MTO"). To ensure the interests of the investors in MDM were protected, the Manager of MTO caused a Costa Rican trust to be formed ("IVR Trust") into which 100% of the shares of MTO were poured. The beneficiaries of the IVR Trust are the shareholders of MDM, pro rata.

The interest of WIN CR II Trust in MDM (and therefore, the beneficial interest in the assets of IVR Trust) interest increased over time through the acquisition of shares of other investors in MDM such that from about 2007 through 2013 the interest of WIN CR II in MDM (and beneficial in interest in the assets of IVR Trust) was greater than 50% (67.5% in 2011, 2012 & 2013).

In September 2013, IVR Trust sold 100% of the shares of MTO to an unrelated third party for \$1.0 million in the form of a note receivable in the amount of \$0.8 million, and cash of \$0.2 million placed in escrow that was used to extinguish certain liabilities. The sales proceeds received by IVR Trust are to be distributed to the trust beneficiaries, (i.e., investors in MDM) pro rata. As part of the sale, substantially all of the membership interests in MDM acknowledged in writing that they would be entitled to receive distributions of sales proceeds from the Trust in substitution for their right to receive payments for their membership interests in MDM. Although the sale was secured by the hotel, we have fully reserved our interest in the note because of the continuing losses, liabilities to third parties and complex local laws which cast doubt as to the probability of collection.

### *Potential Capital Transaction*

As of the date of this Current Report on Form 8-K, we are considering the private placement of securities of gross proceeds to us of approximately \$3,500,000. We have not determined the definitive terms for any such offering, and there is no assurance that we would elect to pursue any such offering or that we would be able to consummate any such offering on acceptable terms.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. In addition to the estimates presented below, there are other items within our consolidated financial statements that require estimation, but are not deemed critical as defined below. We believe these estimates are reasonable and appropriate. However, if actual experience differs from the assumptions and other considerations used, the resulting changes could have a material effect on the financial statements taken as a whole.

Management believes that the following policies and estimates are critical because they involve significant judgments, assumptions and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

#### *Long-Lived Assets*

We evaluate the carrying amount of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We record an impairment loss when indications of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than assets' carrying value. We evaluate the remaining life and recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. At such time, we estimate the future cash flows expected from the use of the assets and their eventual dispositions and, if lower than the carrying amounts, adjust the carrying amount of the assets to their estimated fair value. Because of our changing business conditions including current and projected level of income, business trends, prospects and market conditions, our estimates of cash flows to be generated from our operations could change materially, resulting in the need to record additional impairment charges.

#### *Revenue Recognition*

We recognize revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605, Revenue Recognition ("ASC 605"). We recognize revenue when: (i) persuasive evidence of an arrangement exists, (ii) delivery of product has occurred or services have been rendered, (iii) the price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. For product sales, these conditions are generally met upon shipment of the product to the student. For training and service sales, these conditions are generally met upon presentation of the training seminar or delivery of the service.

Some of our training and consulting contracts contain multiple deliverable elements that include training along with other products and services. In accordance with ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements*, sales arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the sales contract meet the following criteria: (i) the delivered training or product has value to the client on a standalone basis, (ii) there is objective and reliable evidence of the fair value of undelivered items and (iii) delivery of any undelivered item is probable. The fair value of each element is generally determined by prices charged when sold separately. In certain arrangements, we offer these products bundled together at a discount. The discount is allocated on a pro-rata basis to each element based on the relative fair value of each element when fair value support exists for each element in the arrangements. The overall contract consideration is allocated among the separate units of accounting based upon their fair values, with the amount allocated to the delivered item being limited to the amount that is not contingent upon the delivery of additional items or meeting other specified performance conditions. If the fair value of all undelivered elements exists, but fair value does not exist for one or more delivered elements, the residual method is used. Under the residual method, the amount of consideration allocated to the delivered items equals the total consideration less the aggregate fair value of the undelivered items. Fair value of the undelivered items is based upon the normal pricing practice for our existing training programs, consulting services, and other products, which are generally the prices of the items when sold separately.

Each transaction is separated into its specific elements and revenue for each element is recognized according to the following policies:

Product	Recognition Policy
Seminars	Deferred upon sale and recognized when the seminar is attended or delivered on-line
Online courses	Deferred upon sale and recognized when the course is accessed over the delivery period
Coaching and mentoring sessions	Deferred and recognized as service is provided
Data subscriptions and renewals	Deferred and recognized on a straight-line basis over the subscription period

In the normal course of business, we recognize revenue based on the customer's attendance of the course, event, mentoring training, coaching session or delivery of the software, data or course materials on-line.

When the likelihood of attendance by the customer is remote and the customer contract has expired, course breakage is calculated based on the historical percentage of (i) customers who never attended a course, (ii) those customers who never attended a course subsequent to expiration, and (iii) the highest number of days in which 95% of customers who attended our courses did so subsequent to expiration. During the fourth quarter of 2009, we lengthened the typical contract expiration date from one year to two years.

We determine our course breakage rate based upon estimates developed from historical customer attendance patterns. Based on the historical information, we are able to estimate the likelihood of an expired course remaining unattended. To the extent new businesses do not have adequate historical data subsequent to course expiration, we recognize revenue based solely upon actual course attendance. Only at such time that we have developed verifiable and objective data from our historical data subsequent to course expiration do we apply course breakage based on the methodology described above.

Deferred revenue occurs from seminars, online courses, coaching sessions and website subscriptions and renewals in which payment is received before the service has been performed. Deferred revenue is recognized into revenue over the period that the services are performed.

#### *Income Taxes*

We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* ("ASC 740"). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ACS 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ACS 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

## *Accounting for Litigation and Settlements*

We are involved in various legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties, and the possibility of governmental intervention. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances as appropriate. While certain of these matters involve substantial amounts, management believes, based on available information, that the ultimate resolution of such legal proceedings will not have a material adverse effect on our financial condition or results of operations.

The critical accounting policies discussed above are not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the U.S., with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

### **Recent Accounting Pronouncements**

In August 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-15, "*Presentation of Financial Statements-Going Concern (Topic 205-40)*" ("ASU 2014-15"). Under the standard, management is required to evaluate for each annual and interim reporting period whether it is probable that the entity will not be able to meet its obligations as they become due within one year after the date that financial statements are issued, or are available to be issued, where applicable. ASU 2014-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers (Topic 606)*" ("ASU 2014-09"). The standard is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In April 2014, the FASB issued ASU No. 2014-08, "*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*" ("ASU 2014-08") that changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business or nonprofit activity. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. ASU 2014-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. Accordingly, the standard is effective for us on January 1, 2015. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In July 2013, the FASB issued ASU No. 2013-11, "*Income Taxes (Topic 740)*" ("ASU 2013-11") on the presentation of unrecognized tax benefits. This new guidance requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset when a net operating loss carry forward, a similar tax loss or a tax credit carry forward exists, with limited exceptions. This new guidance is effective for the periods beginning after December 15, 2013, and should be applied prospectively with retroactive application permitted. ASU 2013-11 did not have a material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, “*Comprehensive Income (Topic 220)*” requiring disclosure of amounts reclassified out of accumulated other comprehensive income (loss) by component. The amendment also requires entities to present significant amounts by the respective line items of net income (loss), either on the face of the income statement or in the notes to the financial statements for amounts required to be reclassified out of accumulated other comprehensive income (loss) in their entirety in the same reporting period. For other amounts that are not required to be reclassified to net income (loss) in their entirety, a cross-reference is required to other disclosures that provide additional details about those amounts. This guidance was effective prospectively for annual and interim periods beginning January 1, 2013 and is related to presentation only. Our adoption of the guidance did not impact our consolidated financial statements.

**Off-Balance Sheet Arrangements**

We have not entered into any transaction, agreement or other contractual arrangement with an unconsolidated entity under which it has: (i) a retained or contingent interest in assets transferred to the unconsolidated entity or similar arrangement that serves as credit; (ii) liquidity or market risk support to such entity for such assets; (iii) an obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument; or (iv) an obligation, including a contingent obligation, arising out of a variable interest in an unconsolidated entity that is held by, and material to, us where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging, or research and development services with us.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the ownership of our Common Stock as of November 10, 2014, and taking into account the Merger and the cancellation of shares described above under Item 2.01 for:

- each director;
- each person known by us to own beneficially 5% or more of our Common Stock;
- each officer named in the summary compensation table elsewhere in this report (the “Named Executive Officers”); and
- all directors and executive officers as a group.

The amounts and percentages of our Common Stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of such security, or “investment power,” which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has the right to acquire beneficial ownership within 60 days. Under these rules more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Unless otherwise indicated below, to the best of our knowledge each beneficial owner named in the table has sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

Name	Amount of Beneficial Ownership of Common Stock	Percent of Common Stock <sup>(1)</sup>
Tigrent Inc. <sup>(2)</sup>	16,000,000	80%
All directors and executive officers as a group	0	0%
Andrew Glashow <sup>(3)</sup>	1,442,335	7.2%

- (1) Based on 19,997,500 shares of Common Stock issued and outstanding as of October 31, 2014.
- (2) The address of Tigrent Inc. is 1612 E. Cape Coral Parkway, Cape Coral, Florida 33904.
- (3) The securities are held by New World Merchant Partners LLC. The address is 700 White Plains Road, Suite 317, Scarsdale, New York 10583. Andrew Glashow has the exclusive voting power, which includes the power to vote, or to direct the voting of, the shares of common stock and the exclusive investment power, which includes the power to dispose, or to direct the disposition of, the shares of common stock.

## DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

### Our Directors and Executive Officers

The following table and text set forth the names of our executive officers and directors as of the date of this report. Directors hold office for a period of one year from their election at the annual meeting of stockholders or until their successors are duly elected and qualified. Officers are elected by, and serve at the discretion of, the Board of Directors.

Name	Age	Position
Anthony C. Humpage	59	Chief Executive Officer and Director
Charles F. Kuehne	62	Executive Vice President and Chief Financial Officer
Iain Edwards	46	Chief Operating Officer
James E. May	59	Chief Administrative Officer and General Counsel
Murray A. Indick	55	Chairman of the Board of Directors
James K. Bass	58	Director
Marc Scholvinck	56	Director

*Mr. Humpage* has served as our Chief Executive Officer and Director since November 10, 2014 and a director of Legacy since November 10, 2014. Mr. Humpage has been the CEO of our predecessor since September 4, 2012 and has been a member of the Board of Directors of our predecessor since May 23, 2012. Mr. Humpage was also Chief Financial Officer of the Rich Dad Operating Company, LLC until he resigned on March 11, 2013. Rich Dad Operating Company, LLC licenses its Rich Dad® brand to Holdings for financial education programs and is also a significant Holdings shareholder. Mr. Humpage was previously Executive Vice President and Chief Financial Officer of Government Liquidation, the leading online auction website for federal government surplus and scrap assets, from 1998 to 2011. Earlier in his career, he worked in the construction materials, manufacturing and professional service industries specializing in early-stage and troubled organizations. A certified public accountant and a British chartered accountant, Mr. Humpage holds a MBA Finance degree from Western International University (1995).

*Mr. Kuehne* has served as our Executive Vice President and Chief Financial Officer since November 10, 2014. Mr. Kuehne has served as the Executive Vice President and Chief Financial Officer of our predecessor since August 15, 2011, and served as Interim Chief Financial Officer of our predecessor from October 2010 to August 2011. Prior to joining the Company, Mr. Kuehne served as an independent financial consultant for two years, providing executive-level financial management consulting services primarily to manufacturing companies owned by private equity firms. Between August 1998 and June 2008, he held various corporate controller, accounting, auditing and financial reporting positions with Platinum Equity, a private equity firm, and its portfolio companies, including President and Chief Financial Officer of Data2Logistics (May 2003 – June 2008), Vice President of Transactions Support and Chief Financial Officer for Acquisitions (August 1998 – April 2003), and Chief Financial Officer of Milgo Solutions (August 1998 – October 2001). Mr. Kuehne is a Certified Public Accountant and holds an M.B.A. from Nova Southeastern University (1996) and a B.A. in Business Administration from Ohio University (1974).

*Mr. Edwards* has served as our Chief Operating Officer since November 10, 2014. Mr. Edwards has served as the Chief Operating Officer of our predecessor since May 2013. Mr. Edwards joined the Company in 2002 as general manager of our U.K. office, and was promoted to U.K. Managing Director in 2004 and to President of International Operations in 2006. From 1997 until 2002, Mr. Edwards worked for and subsequently owned Jongor Limited, a single London Depot operation. Between 1991 and 1997, Mr. Edwards served time in the British Army in various capacities. Mr. Edwards holds a B.A. in Business Studies from the University of Greenwich, London (1991).

*Mr. May* has served as our Chief Administrative Officer and General Counsel since November 10, 2014. Mr. May has served as the Chief Administrative Officer of our predecessor since September 2009, and as the General Counsel of our predecessor since May 2009. Mr. May joined the Company in June 2007 as Assistant General Counsel. In his current role he is responsible for the Company's Legal, Human Resources, Compliance, and IT/IS functions. Prior to joining the Company, he held the position of Associate General Counsel with Gateway Computers, where he was, at various times, the chief legal counsel for the Gateway Country Stores retail division and for the Business and Government Sales division, where he managed the Contract Management organization. Prior to that, he was Vice President, Deputy General Counsel with Blockbuster Videos, Inc. in Ft. Lauderdale, Florida and Dallas, Texas where he was the chief legal counsel for domestic store operations, including litigation management. Mr. May has a B.A. degree from American University (1981) and a J.D. degree from Catholic University Law School (1984).

*Mr. Indick* has served as the Chairman of our Board of Directors since November 10, 2014. Mr. Indick has served as the Chairman of the Board of Directors of our predecessor since November 2007. Mr. Indick is Senior Counsel with Crowell & Moring, LLP, an international law firm. Mr. Indick co-founded Prides Capital Partners, LLC ("Prides Capital"), an investment firm specializing in strategic block, active ownership investing in the small- and micro-cap arena, in March 2004. Prides Capital Fund I, LP, an affiliate of Prides Capital, owned approximately 11.1% of Holdings' outstanding common stock as of May 28, 2014. Prior to joining Prides Capital, Mr. Indick was partner/general counsel at Blum Capital, which he joined in 1997. Mr. Indick earned a B.A. from the University of Pennsylvania (1981) and a law degree from the Georgetown University Law Center (1984). Mr. Indick also served as a director of Ameritrans Capital Corporation, a lender to and investor in small businesses, a public portfolio company of Prides Capital until September 2011. Mr. Indick presently serves on the board of directors of privately held businesses.

*Mr. Bass* has served as a Director since November 10, 2014, and as a director of our predecessor since May 3, 2010. From September 2005 to June 2009, Mr. Bass served as the Chief Executive Officer and a director of Piper Aircraft, Inc., a general aviation manufacturing company. He served as the Chief Executive Officer and a director of Suntron Corporation, a provider of high mix electronic manufacturing services, from its incorporation in May 2001 until May 2005, and as Chief Executive Officer of EFTC Corporation, a subsidiary of Suntron Corporation, from July 2000 until April 2001. From 1992 to July 2000, Mr. Bass was a Senior Vice President of Sony Corporation. Prior to that, Mr. Bass spent 15 years in various manufacturing management positions at the aerospace group of General Electric Corporation. Since September 2000, Mr. Bass has served on the Board of Directors of TTM Technologies, Inc., a manufacturer of complex printed circuit boards used in sophisticated electronic equipment, where he serves as Chairman of the Compensation Committee. Additionally, since October 2010, Mr. Bass has been a director at Mercury Computer Systems, a provider of open, commercially developed, application-ready, multi-INT subsystems for the Intelligence, Surveillance and Reconnaissance (ISR) market. Mr. Bass holds a B.S.M.E. degree from Ohio State University (1979).

*Mr. Scholvinck* has served as a Director since November 10, 2014, and as a director of our predecessor since December 2013. Until April 2013, Mr. Scholvinck was Managing Partner and Chief Financial Officer of Blum Capital Partners, a private equity firm specializing in investments in both public and private companies. As Chief Financial Officer for Blum Capital, Mr. Scholvinck had responsibility for the firm's operations group including finance, tax, accounting reporting activities, and risk management. Prior to initially joining Blum Capital in 1991, Mr. Scholvinck was a Senior Manager in the Capital Markets Services Group of Deloitte & Touche, responsible for merger and acquisition services for international and North American clients and for audit services for financial institutions. Mr. Scholvinck was previously a Senior Manager at Touche Ross & Co. in Cape Town, South Africa. He is former Director of Suntron Corporation, Monroc, Inc. and Willig Freight Lines. Mr. Scholvinck is a Chartered Accountant and holds a Bachelor of Commerce (Honors) degree from the University of Cape Town (1980).

#### **Director Independence and Qualifications**

The Board of Directors has determined that each of our directors, except our Chief Executive Officer, Anthony C. Humpage, qualifies as an "independent director." Because our common stock is not currently listed on a national securities exchange, we have used the definition of "independence" of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the Company or any other individual having a relationship with the Company that, in the opinion of the Company's Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be independent if:

- the director is, or at any time during the past three years was, an employee of the Company;
- the director or a family member of the director accepted any compensation from the Company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);

- a family member of the director is, or at any time during the past three years was, an executive officer of the Company;
- the director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the Company made, or from which the Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or \$200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the Company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the Company's outside auditor, or at any time during the past three years was a partner or employee of the Company's outside auditor, and who worked on the Company's audit.

The Board believes that the qualifications of the directors, as set forth in their biographies which are listed above and briefly summarized in this section, gives them the qualifications and skills to serve as a director of our Company. All of our directors have strong business backgrounds. The Board also believes that each of the directors has other key attributes that are important to an effective Board: integrity and demonstrated high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion and the commitment to devote significant time and energy to service on the Board and its Committees.

### **Board Committees**

We are not required under the Exchange Act to maintain any committees of our Board of Directors. We have formed certain committees of our board as a matter of preferred corporate practice.

We have an audit committee, a compensation committee and a corporate governance and nominating committee.

*Audit Committee.* Our Audit Committee oversees a broad range of issues surrounding our accounting and financial reporting processes and audits of our financial statements, including the following:

- monitors the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent registered public accounting firm's qualifications and independence, and the performance of our internal audit function and independent registered public accounting firm;
- assumes direct responsibility for the appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged for the purpose of performing any audit, review or attest services and for dealing directly with any such accounting firm;
- provides a medium for consideration of matters relating to any audit issues; and
- prepares the Audit Committee report that the rules require be included in our filings with the SEC.

The members of our Audit Committee are Mr. Scholvinck and Mr. Bass, and Mr. Scholvink serves as the Chairman. The Board of Directors has determined that each director serving on the Audit Committee qualifies as "independent" under the NASDAQ listing rules, and that Mr. Scholvink further qualifies as an "audit committee financial expert," as such term is defined in the applicable rules of the Exchange Act. Our Audit Committee has a written charter available on our website at [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com).

*Compensation Committee.* Our Compensation Committee oversees our executive compensation plans and programs and reviews and recommends changes to these plans and programs, monitors the performance of the Chief Executive Officer and other senior executive officers in light of corporate goals set by the committee, reviews and approves the compensation of the Chief Executive Officer and other senior executive officers and reviews management succession planning.

The members of our Compensation Committee are Mr. Bass and Mr. Indick, and Mr. Bass serves as the Chairman. The Board of Directors has determined that each director serving on the Compensation Committee qualifies as “independent” under the NASDAQ listing rules. Our Compensation Committee has a written charter available on our website at [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com).

*Corporate Governance and Nominating Committee.* Our Corporate Governance and Nominating Committee develops and recommends to the Board of Directors a set of corporate governance principles applicable to us, identifies qualified individuals to become members of the Board, selects, or recommends that the Board select, the director nominees for the next annual meeting of stockholders, receives comments from all directors and reports annually to the Board with assessment of the Board’s performance and prepares and supervises the Board’s annual review of director independence.

The members of our Corporate Governance and Nominating Committee are Mr. Indick and Mr. Scholvinck, and Mr. Indick serves as the Chairman. The Board of Directors has determined that each director serving on the Corporate Governance and Nominating Committee qualifies as “independent” under the NASDAQ listing rules. Our Corporate Governance and Nominating Committee has a written charter available on our website at [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com).

### **Transactions with Related Parties**

The Board of Directors has adopted a Related Party Transaction Policy for the review of related person transactions. Under these policies and procedures, the audit committee reviews related person transactions in which we are or will be a participant to determine if they are fair and beneficial to the Company. Financial transactions, arrangements, relationships or any series of similar transactions, arrangements or relationships in which a related person has or will have a material interest and that exceed \$120,000 in the aggregate per year are subject to the audit committee’s review. Any member of the audit committee who is a related person with respect to a transaction under review may not participate in the deliberation or vote requesting approval or ratification of the transaction. Transactions that are subject to the policy include any transaction, arrangement or relationship (including indebtedness or guarantees of indebtedness) in which the Company is a participant with a related person. The related person may have a direct or indirect material interest in the transaction. It is Company policy that the audit committee shall approve any related party transaction before the commencement of the transaction. However, if the transaction is not identified before commencement, it must still be presented to the audit committee for their review and ratification. For more information regarding related party transactions, see the section labeled “Certain Relationships and Related Transactions” below.

### **Code of Ethics and Conduct**

Our Board of Directors has adopted a Code of Conduct and a Code of Business Conduct and Ethics that embody our commitment to conduct business with the highest ethical standards. The Code of Conduct provides principles and standards by which directors, officers, and employees will conduct themselves. In addition to the Code of Conduct, our directors, executive officers, and senior financial officers are also subject to the Code of Business Conduct and Ethics and are expected to adhere to the principles and procedures set forth.

A copy of our Code of Ethics may be found on our website at [www.legacyeducationalliance.com](http://www.legacyeducationalliance.com). We will provide a copy of our Code of Ethics to any person, without charge, upon request, by writing to James E. May, Legacy Education Alliance, Inc., 1612 E. Cape Coral Parkway, Cape Coral, Florida 33904.

## **Indemnification**

We maintain directors' and officers' liability insurance. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions limiting the liability of directors and officers and indemnifying them under certain circumstances. We have entered into indemnification agreements with our directors to provide our directors and certain of their affiliated parties with additional indemnification and related rights. See "Indemnification of Directors and Officers" for further information.

## **Involvement in Certain Legal Proceedings**

To the best of our knowledge, none of our directors or executive officers has been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, or has been a party to any judicial or administrative proceeding during the past ten years that resulted in a judgment, decree, or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws, except for matters that were dismissed without sanction or settlement. Except as set forth in our discussion below in "Certain Relationships and Related Transactions," none of our directors, director nominees, or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates, or associates which are required to be disclosed pursuant to the rules and regulations of the Commission.

## **EXECUTIVE COMPENSATION**

### **Executive Compensation Program**

Our executive compensation program is determined and proposed by our Compensation Committee and is approved by our Board of Directors. None of the Named Executive Officers are members of the Compensation Committee or otherwise had any role in determining the compensation of other Named Executive Officers, although the Compensation Committee does consider the recommendations of our Chief Executive Officer in setting compensation levels for our other executive officers.

#### *Executive Employment Agreements*

In October 2013, our predecessor entered into an employment agreement with Anthony C. Humpage, our Chief Executive Officer, with no specific term. Each party has the right to terminate the agreement within the parameters outlined in the agreement. In exchange for services rendered, Mr. Humpage is entitled to receive a base salary of \$300,000 per year, subject to annual increases, and be eligible for an annual incentive bonus based on defined performance targets, of up to 120% of the annual base salary. The Company can terminate the agreement with cause, or upon a change in control, as defined in the agreement and under certain circumstances, Mr. Humpage may be eligible to receive termination benefits.

In addition to the annual incentive bonus, Mr. Humpage is eligible to receive:

- other incentives based on the achievement of goals specified by our Compensation Committee;
- additional discretionary bonuses from time to time as determined by our Compensation Committee; and
- reimbursement for certain specified expenses.

### ***Executive Compensation Program Objectives and Overview***

The Compensation Committee conducts an annual review of our executive compensation programs to ensure that:

- the program is designed to achieve our goals of promoting financial and operational success by attracting, motivating and facilitating the retention of key employees with outstanding talent and ability; and
- the program adequately rewards performance which is tied to creating shareholder value.

Our current executive compensation program is based on three components, which are designed to be consistent with our compensation philosophy: (1) base salary; (2) annual incentive bonuses; and (3) grants of stock options and restricted stock.

In structuring executive compensation packages, the Compensation Committee considers how each component promotes retention and/or motivates performance by the executive. Base salaries, perquisites and personal benefits, and severance and other termination benefits are primarily intended to attract and retain highly qualified executives. We believe that in order to attract and retain top executives, we need to provide them with compensation levels that reward their continued productive service. Annual incentive bonuses are primarily intended to motivate our executive officers to achieve specific strategies and operating objectives, although we believe they also help us to attract and retain top executives. Our long-term equity incentives are primarily intended to align executive officers' long-term interests with shareholders' long-term interests, although we believe they also play a role in helping us to attract and retain top executives. Annual bonuses and stock option grants are the elements of our executive compensation program designed to reward performance and thus the creation of shareholder value.

We view our current executive compensation program as one in which the individual components combine together to create a total compensation package for each executive officer that we believe achieves our compensation objectives. In determining our current executive compensation program and the amounts of compensation for each component of our program, the Compensation Committee evaluates the current executive compensation data for companies in our industry. The Compensation Committee believes that our current executive compensation program is appropriate based on the evaluation of the compensation paid by companies in our industry for similarly situated employees.

### ***Role of Compensation Committee and Executive Officers in Compensation Decisions***

The role of our Compensation Committee is to oversee our compensation programs and retirement plans and policies and review and approve all compensation decisions relating to the Company's Named Executive Officers, including our Chief Executive Officer. Our Compensation Committee reviews, and in consultation with the entire Board of Directors and our Chief Executive Officer (other than with respect to his own compensation), makes all compensation decisions for the Named Executive Officers. The Compensation Committee reviews and recommends and the independent members of the Board of Directors approves the annual compensation package of our Chief Executive Officer.

Our Compensation Committee intends to meet with our Chief Executive Officer at least annually to review the performance of the other executive officers, receive the recommendations of the Chief Executive Officer on the executive officers compensation and approve their annual compensation packages. This meeting is intended to include a review by the Chief Executive Officer of the performance of each Named Executive Officer who reports directly to our Chief Executive Officer.

### ***Setting Executive Compensation***

In furtherance of the philosophy and objectives described above, in setting compensation for our executive officers, our Compensation Committee considered data obtained from the consulting firm of Pearl Meyer & Partners, in addition to other factors, to assess competitive pay levels and establish compensation targets for base salary, annual incentives and long-term incentives. The data from the Pearl Meyer & Partners surveys reflects compensation practices of companies in the education industry with annual revenue and free cash flow that are comparable to our own, and includes data for executives with responsibilities cutting across the entire enterprise ("Survey Group").

### ***Base Salary***

We provide our executive officers and other employees with a base salary designed to compensate them for the day-to-day services rendered to us during the fiscal year. Our Compensation Committee reviews each executive officer's salary and performance annually. Market data from the Survey Group is used to determine base salary ranges for our executive officers based on the position and responsibility. An executive officer's actual salary relative to this competitive salary range varies based on the level of his or her responsibility, experience, individual performance and internal pay-equity considerations. Specific salary increases take into account these factors and the current market for management talent. Salary increases are considered by the Compensation Committee each year.

### ***Annual Incentive Compensation***

We have an Executive Incentive Plan (the "**Bonus Plan**") for our executive officers and other participating employees. The Bonus Plan, administered by the Compensation Committee, provides that the Compensation Committee will determine the total amount of performance incentive bonuses to be paid to participants under the Bonus Plan. Bonuses are based upon specific measures of our financial performance and achievement of each participant's agreed upon annual goals.

Specifically, the Bonus Plan provides for target bonuses as a percent of each participant's yearly salary. The target bonuses for our executive officers are as follows:

Chief Executive Officer—116%

Senior Executive Officers—48-70%

Vice Presidents and key employees—44% to 49%, as specified

Junior employees may participate in the plan as designated.

Payouts under the Bonus Plan are subject to the approval of the Compensation Committee following the finalization of our annual financial results and are based upon the following metrics, (i) Total Annual Cash Sales, (ii) Overall Adjusted EBITDA, (iii) increase in Adjusted EBITDA and (iv) achievement of the participant's individual goals.

### ***Equity Incentive Compensation***

We currently do not have an equity based incentive compensation plan; however, our Board of Directors may determine to establish any such plan in the future.

### ***Deferred Compensation Plans***

We do not have a deferred compensation plan.

### ***Retirement Benefits***

We have a 401(k) employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion.

### ***Medical, dental, life insurance and disability coverage***

We provide other benefits such as medical, dental and life insurance and disability coverage to each Named Executive Officer in benefits plans that are also provided to all eligible U.S. based salaried employees. Eligible employees can purchase additional life, dependent life and accidental death and dismemberment coverage as part of their employee benefits package.

## Deductibility of Executive Compensation

Under the Omnibus Budget Reconciliation Act of 1993, provisions were added to the Internal Revenue Code under Section 162(m) that limits the tax deduction for compensation in excess of \$1.0 million paid to certain executive officers. However, performance based compensation can be excluded from the limit so long as it meets certain requirements. To qualify as “performance based” under Section 162(m), compensation payments must be determined pursuant to a plan, by a committee of at least two “outside” directors (as defined in the regulations promulgated under the Code) and must be based on achieving objective performance goals. In addition, the material terms of the plan must be disclosed to and approved by shareholders and the outside directors or the Compensation Committee, as applicable, must certify that the performance goals were achieved before payments can be awarded. The Compensation Committee believes that the stock option grants previously awarded by the Company qualify as performance based compensation and satisfy the requirements for exemption under the Internal Revenue Code Section 162(m).

For 2013, the annual salary paid to our Named Executive Officers did not exceed \$1.0 million. Stock options granted under the terms of long-term incentives are exempt as performance based compensation for purposes of calculating the \$1.0 million limit. To maintain flexibility in compensating the Named Executive Officers in a manner designed to promote varying corporate goals, the Compensation Committee reserves the right to recommend and award compensation that is not deductible under Section 162(m).

## Executive Compensation Tables

The following table sets forth information regarding compensation earned by, awarded to or paid to our Named Executive Officers during the two fiscal years ended December 31, 2012 and 2013:

### Summary Executive Compensation table

#### For the Years ended December 31, 2013 and December 31, 2012

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock	Total (\$)
				Awards (\$) <sup>(2)</sup>	
Anthony C. Humpage <sup>(1)</sup>	2013	286,538	—	—	286,538
<i>Chief Executive Officer and Director</i>	2012	75,961	40,000	—	115,961
Charles F. Kuehne	2013	240,000	—	—	240,000
<i>Executive Vice President &amp; Chief Financial Officer</i>	2012	240,000	—	—	240,000
Iain Edwards <sup>(3)</sup>	2013	231,000	93,000	—	324,000
<i>Chief Operating Officer</i>	2012	184,000	—	—	184,000
James E. May <sup>(4)</sup>	2013	200,000	—	—	200,000
<i>Chief Administrative Officer and General Counsel</i>	2012	200,000	—	—	200,000

(1) Mr. Humpage has served as the Chief Executive Officer of Holdings since September 4, 2012 and received a bonus of \$40,000. Mr. Humpage was awarded discretionary cash bonuses of: (i) \$60,000 on January 24, 2014; (ii) \$42,995 on June 13, 2014; and (iii) \$68,600 on August 8, 2014.

(2) Salary includes amounts paid to Mr. Edwards’ consulting company for work related to non-U.K. services.

(3) Mr. May was awarded a discretionary cash bonus of \$20,000 on May 30, 2014.

As of December 31, 2013, there were no outstanding option awards for any of our Named Executive Officers.

## Potential Payments Upon Termination or Change in Control

The employment agreement with our Chief Executive Officer provides for payments upon termination without “cause”, as defined in the agreement, of six months base salary plus a prorated termination bonus. Upon a change in control as defined in the agreement, the CEO shall only receive amounts earned by him but not yet paid as of the termination date but may and is eligible to receive certain basic employee benefits for twelve additional months after termination.

Our Named Executive Officers have also signed our standard confidentiality and non-competition agreement that applies for certain time periods following the employee’s termination of employment for any reason. The non-competition time period after termination of employment is generally one to two years.

## Director Compensation

We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. In setting director compensation, we consider the significant amount of time that directors expend in fulfilling their duties to the Company as well as the skill-level required of members of the Board. We also consulted with an independent compensation consultant and this compensation reflects his recommendations.

Our employee directors do not receive any additional compensation for serving on the Board. During 2013, our only employee director was Anthony C. Humpage.

Each non-employee director received a quarterly retainer of \$12,500 each of the quarters in fiscal year 2013. Non-employee Directors are reimbursed for expenses incurred in attending Board meetings. Marc Scholvinck received a pro-rated \$2,083 for his services as an independent Board member through December of fiscal year 2013.

Murray A. Indick received an additional \$3,750 per quarter for his services as Chairman of the Board of Holdings in 2013. He also received \$1,250 per quarter for each of the quarters of 2013 for his services as Chairman of Holdings' Corporate Governance and Nominating Committee.

J. Hunter Brown received an additional \$2,500 per quarter for his services as Chairman of Holdings' Audit Committee through December 6, 2013.

James K. Bass received an additional \$1,875 per quarter for fiscal year 2013 for his services as Chairman of Holdings' Compensation Committee.

Marc Scholvinck received an additional pro-rated \$417 for his services as Chairman of Holdings' Audit Committee in December of fiscal year 2013.

In addition to receiving a quarterly retainer, directors have been generally eligible to receive sign-on and annual equity awards.

Total compensation attributable to each non-employee director during 2013, which excludes reimbursable expenses, was as follows:

<b>Name</b>	<b>Fees earned or paid in cash (\$)</b>	<b>Stock awards (\$)</b>	<b>Total (\$)</b>
J. Hunter Brown <sup>(2)</sup>	60,000	—	60,000
Murray A. Indick	70,000	—	70,000
James K. Bass	57,500	—	57,500
Marc Scholvinck	2,500	—	2,500

As of December 31, 2013, there were no outstanding option awards for any of our non-employee directors.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The following is a summary of transactions during the first fiscal quarter of 2014, and the 2013 and 2012 fiscal years between the Company and its executive officers, directors, nominees, principal shareholders and other related parties involving amounts in excess of \$120,000 or which the Company has chosen to voluntarily disclose.

On August 31, 2012, we entered into a Memorandum of Understanding (“MOU”) with RDOC, whereby RDOC consented to the deferral by Holdings of payment due under the 2010 License Agreement for (x) the shortfall of royalties payable by us for the month of July 2012 and (y) the entirety of royalties for each of the months of August and September 2012, in the aggregate amount of \$1.7 million. The payment obligations for such deferrals was evidenced in an unsecured interest-free demand note payable from Holdings to Rich Dad with a maturity date of December 31, 2014. The MOU also provided for (i) the appointment of Anthony C. Humpage to be Chief Executive Officer of Holdings, (ii) the parties to amend the terms of the 2010 Rich Dad License Agreement to provide for the termination of such Agreement upon a change of control of Holdings and (iii) the parties to amend the Credit Agreement with RDOC to provide for the acceleration of the due date of all sums payable by Holdings thereunder upon a change of control of Holdings.

On or about September 18, 2012, Holdings entered into (i) a First Amendment to the Credit Agreement and First Amendment to Promissory Note to provide that a Change of Control of Holdings (as defined in the First Amendment) would constitute an Event of Default pursuant to which all indebtedness of Holdings under the Credit Agreement shall automatically become due and payable, and (ii) a First Amendment to the 2010 Rich Dad License Agreement that provided that the License Agreement would terminate, without further action of the parties, upon a Change of Control of Holdings.

On March 15, 2013, we entered into (i) a Second Amendment to its 2010 Rich Dad License Agreement with RDOC pursuant to which we were granted the exclusive right to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide and (ii) a related Royalty Payment Agreement. Under this Second Amendment and Royalty Payment Agreement, Holdings had the unilateral right to retroactively pay up to half of each month’s royalties in the form of an interest-free promissory note, and up to 100% of each month’s royalties in the form of an interest free promissory note with the consent of RDOC. Promissory notes issued under this Second Amendment were due and payable on December 31, 2014 (i.e. the date of expiration of the 2010 Rich Dad License Agreement), but could be prepaid at any time without penalty. The Second Amendment and Royalty Payment Agreement also provided that the promissory notes issued thereunder would automatically convert into shares of preferred stock of Holdings upon a Change of Control of Holdings as defined in the Royalty Payment Agreement. We issued a series of promissory notes under this Second Amendment and Royalty Payment Agreement totaling \$3.6 million in royalties for the months commencing October 2012 through August 2013, inclusive. As a result, \$1.2 million of royalties payable in the current liabilities on our consolidated balance sheet, as of December 31, 2012, was classified as long-term debt. All current and future royalties payable to RDOC were deferrable under this Amendment.

Effective September 1, 2013, we entered into a new licensing and related agreements with RDOC (collectively the “2013 License”) that replaces the 2010 License Agreement that was scheduled to expire at the end of 2014. The initial term of the 2013 License expires August 31, 2018, but continues thereafter on a yearly basis unless one of the parties provides timely notice of termination. The 2013 License also (i) reduces the royalty rate payable to RDOC compared to the 2010 License Agreement; (ii) broadens the Company’s exclusivity rights to include education seminars delivered in any medium; (iii) eliminates the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues the right of Holdings to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) continues the presence of an RDOC representative on Holdings’ Board of Directors; (vi) eliminated approximately \$1.6 million in debt from the consolidated balance sheet of Holdings as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vii) converted another approximately \$4.6 million in debt to 1,549,882 shares of common stock of Holdings. The debt forgiveness of \$1.6 million is shown on the consolidated statement of comprehensive income (loss) for the year ended December 31, 2013. The conversion of the debt to equity of \$4.6 million is shown on the consolidated statement of changes in stockholders’ deficit for 2013.

On April 22, 2014, we entered into an agreement with RDOC to settle certain claims we had against RDOC, Robert Kiyosaki, and Darren Weeks arising out of RDOC’s, Kiyosaki’s, and Weeks’s promotion of a series of live seminars and related products known as *Rich Dad:GEO* that we alleged infringed on our exclusive rights under the License Agreement between the Company and RDOC. In the settlement agreement, RDOC, Kiyosaki, and Weeks agreed to terminate any further activity in furtherance of the *Rich Dad:GEO* program. In addition, RDOC agreed, among other things, to (i) amend the License Agreement to halve the royalty payable by us to RDOC to 2.5% for the whole of 2014, (ii) forgive approximately \$ 1.3 million in debt owed by us to RDOC, and (iii) reimburse us for the legal fees it incurred in the matter. As a result of this agreement, income before taxes increased \$1.5 million and after tax increased by \$0.9 million during the first quarter of 2014. In the addition, RDOC’s right to appoint one member of the Holdings’ Board of Directors as previously continued under the 2013 License Agreement, was cancelled.

## **Related Party Transactions Policy**

The Board of Directors has adopted a Related Party Transaction Policy for the review of related person transactions. Under these policies and procedures, the Audit Committee will review related person transactions in which we are or will be a participant to determine if they are in the best interests of our shareholders and the Company. Financial transactions, arrangements, relationships or any series of similar transactions, arrangements or relationships in which a related person had or will have a material interest and that exceed \$120,000 are subject to the Committee's review. Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberation or vote requesting approval or ratification of the transaction. Transactions that are subject to the policy include any transaction, arrangement or relationship (including indebtedness or guarantees of indebtedness) in which the Company is a participant with a related person. The related person may have a direct or indirect material interest in the transaction.

Related persons are directors, director nominees, executive officers, holders of 5% or more of our voting stock, and their immediate family members. "Immediate family member" is defined as any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and any person (other than a tenant or employee) sharing the household of any executive officer, director, nominee for director, or holder of more than 5% of any class of the Company's voting securities. An "indirect" interest of a related person in a transaction includes a related person serving as an officer or employee of, or being a significant investor or equity holder in, an entity that is a party to a transaction with the Company.

Exemptions from this policy include: (i) payment of compensation by the Company to its officers or directors for service to the Company in their stated capacity; (ii) transactions available to all employees or all shareholders of the Company on the same terms; and (iii) transactions, which when aggregated for any related person, involve equal to or less than \$120,000 in a fiscal year.

Transaction details required for disclosure include: (i) name of the related person and the basis on which the person is a related person; (ii) the related person's interest in the transaction with the Company, including the related person's position(s) or relationship(s) with, or ownership in, a firm, corporation, or other entity that is a party to, or has an interest in, the transaction; (iii) the approximate dollar value of the amount involved in the transaction; (iv) in the case of indebtedness, disclosure of the amount involved in the transaction shall include the largest aggregate amount of principal outstanding during the period for which disclosure is provided, the current amount outstanding, and the amount of interest paid or payable; and (v) any other information that is material to investors.

The Audit Committee will analyze the following factors, in addition to any other factors the Committee deems appropriate, in determining whether to approve a related person transaction: (i) fairness of the terms for the Company; (ii) materiality of the transaction; (iii) role of the related person in the transaction; (iv) structure of the transaction; and (v) interests of all related parties in the transaction.

The Audit Committee will only approve a related person transaction if the Audit Committee determines that the terms of the related person transaction are beneficial and fair to the Company. Approval of a related party transaction may be conditioned upon the Company and the related person taking any or all of the following additional actions, or any other actions that the Audit Committee deems appropriate, as set forth in more detail in the Company's Related Party Transactions Policy.

It is the Company's policy that the Committee shall approve any related party transaction before the commencement of the transaction. However, if the transaction is not identified before commencement, it must still be presented to the Committee for its review and ratification.

## **Director Independence**

For a discussion of our independent directors, and the criteria we use to establish whether or not our directors qualify as "independent," please see the section entitled "Director Independence and Qualifications" above.

## MARKET PRICE AND DIVIDENDS ON OUR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

### Market Information

Our shares of Common Stock are quoted on the OTCQB Market commencing on April 7, 2014 under the symbol PRCD. The following table shows the high and low bid prices of our common stock for the periods indicated. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commissions, and may not represent actual transactions.

	<u>High</u>	<u>Low</u>
<b>Year ended December 31, 2014</b>		
Fourth Quarter ended December 31, 2014 (through October 15, 2014)	\$ 0.50	\$ 0
Third Quarter ended September 30, 2014	\$ 0	\$ 0
Second Quarter ended June 30, 2014	\$ 0	\$ 0
First Quarter ended March 31, 2014	\$ 0	\$ 0
<b>Year ended December 31, 2013</b>		
Fourth Quarter	\$ 0	\$ 0
Third Quarter	\$ 0	\$ 0
Second Quarter	\$ 0	\$ 0
First Quarter	\$ 0	\$ 0
<b>Year ended December 31, 2012</b>		
Fourth Quarter	\$ 0	\$ 0
Third Quarter	\$ 0	\$ 0
Second Quarter	\$ 0	\$ 0
First Quarter	\$ 0	\$ 0

As of November 10, 2014, there were approximately 66 stockholders of record for our Common Stock. The number of stockholders does not include beneficial owners holding shares through nominee names. Our common stock has not traded to date.

### Dividend Policy

We have not paid out any cash dividends for the past two years and do not anticipate paying any cash dividends on our Common Stock for the foreseeable future.

### Securities Authorized for Issuance under Equity Compensation Plans

We do not have any equity based compensation plan.

### Penny Stock Regulations

Our shares of Common Stock are subject to the “penny stock” rules of the Exchange Act and various rules under this Act. In general terms, “penny stock” is defined as any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. The rules provide that any equity security is considered to be a penny stock unless that security is registered and traded on a national securities exchange meeting specified criteria set by the SEC, issued by a registered investment company, or excluded from the definition on the basis of price (at least \$5.00 per share) or based on the issuer’s net tangible assets or revenues. If our net tangible assets exceed \$2,000,000, as determined by our audited financial statements, then our Common Stock will not be deemed “penny stock”.

Trading in shares of penny stock is subject to additional sales practice requirements for broker-dealers who sell penny stocks to persons other than established customers and accredited investors. Accredited investors, in general, include individuals with assets in excess of \$1,000,000 or annual income exceeding \$200,000 (or \$300,000 together with their spouse), and certain institutional investors. For transactions covered by these rules, broker-dealers must make a special suitability determination for the purchase of the security and must have received the purchaser’s written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, the rules require the delivery, prior to the first transaction, of a risk disclosure document relating to the penny stock. A broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative, and current quotations for the security. Finally, monthly statements must be sent disclosing recent price information for the penny stocks. These rules may restrict the ability of broker-dealers to trade or maintain a market in our Common Stock, to the extent it is penny stock, and may affect the ability of stockholders to sell their shares.

## RECENT SALES OF UNREGISTERED SECURITIES

### *Merger*

Pursuant to the Merger Agreement described above in Item 2.01 - "Completion of Acquisition or Disposition of Assets", on November 10, 2014, we issued an aggregate of 16,000,000 shares of our Common Stock to Holdings.

The shares of Common Stock issued to Holdings in connection with the Merger were offered and sold to Holdings in a private transaction in reliance upon exemptions from registration pursuant to Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder. Our reliance on Section 4(2) of the Securities Act was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one offeree; (c) there were no subsequent or contemporaneous public offerings of the securities by us; and (d) the negotiations for the sale of the stock took place directly between the offeree and us.

### *Sales of securities prior to the Merger*

On July 10, 2014, we issued 5,000,000 shares of Common Stock for aggregate gross proceeds of \$50,000, or \$0.01 per share.

On November 22, 2013, we issued 500,000 shares of Common Stock for aggregate gross proceeds of \$5,000, or \$0.01 per share.

On October 4, 2013, we issued 3,250,000 shares of Common Stock for aggregate gross proceeds of \$32,500, or \$0.01 per share.

On November 23, 2011, we issued a total of 5,000,000 shares of Common Stock to two former officers for total consideration of \$50,000, or \$0.01 per share. A total of 1,000,000 of the shares issued on such date were subsequently cancelled on November 22, 2013.

The shares of Common Stock issued prior to the Merger were offered and sold in private transactions in reliance upon exemptions from registration pursuant to Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder. Our reliance on Section 4(2) of the Securities Act was based upon the following factors: (a) the issuances of the securities were isolated private transactions by us which did not involve any public offering; (b) there were limited offerees; (c) there were no subsequent or contemporaneous public offerings of the securities by us; and (d) the negotiations for the sale of the securities took place directly between the offerees and us.

## DESCRIPTION OF SECURITIES

### Authorized Capital Stock

Our authorized share capital consists of 200,000,000 shares of Common Stock, par value \$0.0001 per share, and 20,000,000 shares of preferred stock, par value \$0.0001 per share.

#### *Common Stock*

As of November 10, 2014, 19,997,500 shares of our Common Stock were outstanding. The outstanding shares of our Common Stock are validly issued, fully paid and non-assessable.

Holders of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Common Stock do not have cumulative voting rights. Therefore, holders of a majority of the shares of Common Stock voting for the election of directors can elect all of the directors. Holders of Common Stock representing a majority of the voting power of the Company's capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders. A vote by the holders of a majority of the Company's outstanding shares is required to effectuate certain fundamental corporate changes such as liquidation, merger or an amendment to the Company's certificate of incorporation.

Holders of our Common Stock are entitled to share in all dividends that our Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no redemption provisions applicable to the Common Stock.

In addition, our authorized but unissued common shares could be used by our Board of Directors for defensive purposes against a hostile takeover attempt, including (by way of example) the private placement of shares or the granting of options to purchase shares to persons or entities sympathetic to, or contractually bound to support, management. We have no such present arrangement or understanding with any person. Further, our Common Stock may be reserved for issuance upon exercise of stock purchase rights designed to deter hostile takeovers, commonly known as a "poison pill."

#### *Preferred Stock*

As of November 10, 2014, no shares of our preferred stock were outstanding.

Our authorized preferred stock is "blank check" preferred. Accordingly, subject to limitations prescribed by law, our Board is expressly authorized, at its discretion, to adopt resolutions to issue shares of preferred stock of any class or series, to fix the number of shares of any class or series of preferred stock and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by our stockholders.

### Options and Warrants and Other Convertible Securities

As of November 10, 2014, we do not have any options, warrants or convertible securities that are granted or outstanding.

### Transfer Agent

Our independent stock transfer agent is VStock Transfer, LLC. VStock Transfer's address is 77 Spruce Street, Suite 201, Cedarhurst, NY 11516.

## ANTI-TAKEOVER PROVISIONS

Some features of the Nevada Revised Statutes, which are further described below, may have the effect of deterring third parties from making takeover bids for control of our company or may be used to hinder or delay a takeover bid. This would decrease the chance that our stockholders would realize a premium over market price for their shares of common stock as a result of a takeover bid. Our articles of incorporation and bylaws exempt our common stock from these provisions.

### Acquisition of Controlling Interest

The Nevada Revised Statutes contain provisions governing acquisition of controlling interest of a Nevada corporation. These provisions provide generally that any person or entity that acquires certain percentage of the outstanding voting shares of a Nevada corporation may be denied voting rights with respect to the acquired shares, unless the holders of a majority of the voting power of the corporation, excluding shares as to which any of such acquiring person or entity, an officer or a director of the corporation, and an employee of the corporation exercises voting rights, elect to restore such voting rights in whole or in part. These provisions apply whenever a person or entity acquires shares that, but for the operation of these provisions, would bring voting power of such person or entity in the election of directors within any of the following three ranges:

- 20% or more but less than 33 1/3%;
- 33 1/3% or more but less than or equal to 50%; or
- more than 50%.

The stockholders or Board of Directors of a corporation may elect to exempt the stock of the corporation from these provisions through adoption of a provision to that effect in the articles of incorporation or bylaws of the corporation. Our articles of incorporation and bylaws exempt our common stock from these provisions.

## INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our amended and restated certificate of incorporation and bylaws limit our directors' and officers' liability to the fullest extent permitted under Nevada corporate law. We have been advised that in the opinion of the Securities and Exchange Commission indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities is asserted by one of our directors, officers, or controlling persons, we will, unless in the opinion of legal counsel the matter has been settled by controlling precedent, submit the question of whether such indemnification is against public policy to a court of appropriate jurisdiction.

The Nevada Revised Statutes (the "NRS") provide that:

- a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful;

- a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him or her in connection with the defense or settlement of the action or suit if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals therefrom, to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper; and
- to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, or in defense of any claim, issue or matter therein, the corporation must indemnify him or her against expenses, including attorneys' fees, actually and reasonably incurred by him or her in connection with the defense.

The NRS provide that we may make any discretionary indemnification only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper under the circumstances. The determination must be made: (i) by our stockholders; (ii) by our Board of Directors by majority vote of a quorum consisting of directors who were not parties to the action, suit, or proceeding; (iii) if a majority vote of a quorum consisting of directors who were not parties to the action, suit, or proceeding so orders or cannot be obtained, by independent legal counsel in a written opinion; or (iv) by court order.

If the NRS are amended to authorize corporate action further eliminating or limiting the personal liability of directors or officers, then the liability of our directors or officers shall be eliminated or limited to the fullest extent permitted by the NRS, as so amended.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to applicable indemnification provisions.

## **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

### **Dismissal of Independent Registered Public Accountant**

In connection with the Merger, we dismissed our current auditors MaloneBailey, LLP in favor of the certified public accountants that were retained by our predecessor. There are no disagreements between MaloneBailey, LLP and us.

### **Newly Appointed Independent Registered Public Accountant**

We have retained the firm Crowe Horwath LLP as our audit firm and such firm has audited the financial statements that are included in this Current Report on Form 8-K.

## **FINANCIAL STATEMENTS AND EXHIBITS**

See Item 9.01 of this Current Report on Form 8-K.

### **ITEM 3.02 UNREGISTERED SALE OF EQUITY SECURITIES**

The information contained in Item 2.01 above is incorporated herein by reference in response to this Item 3.02.

The shares of our Common Stock issued to Holdings in connection with the Merger were offered and sold to Holdings in a private transaction in reliance upon exemptions from registration pursuant to Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder. Our reliance on Section 4(2) of the Securities Act was based upon the following factors: (a) the issuance of the securities was an isolated private transaction by us which did not involve a public offering; (b) there was only one offeree; (c) there were no subsequent or contemporaneous public offerings of the securities by us; and (d) the negotiations for the sale of the stock took place directly between the offeree and us.

**ITEM 3.03 MATERIAL MODIFICATION TO RIGHTS OF SECURITY HOLDERS**

Reference is made to the disclosure set forth under Item 5.03 of this report, which disclosure is incorporated herein by reference.

**ITEM 4.01 CHANGES IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Reference is made to the disclosure set forth under the heading “Changes in and Disagreements with Accountants on Accounting and Financial Disclosure” under Item 2.01 of this report, which disclosure is incorporated herein by reference.

**ITEM 5.01 CHANGES IN CONTROL OF REGISTRANT**

Reference is made to the disclosure set forth under Item 2.01 of this report, which disclosure is incorporated herein by reference.

**ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS**

Reference is made to the disclosure set forth under Item 2.01 of this report, which disclosure is incorporated herein by reference.

In accordance with the Merger Agreement and the transactions contemplated thereby, effective as of the Closing Date, the following directors and officers were appointed:

<u>Name</u>	<u>Position</u>
Anthony C. Humpage	Chief Executive Officer and Director
Charles F. Kuehne	Executive Vice President and Chief Financial Officer
Iain Edwards	Chief Operating Officer
James E. May	Chief Administrative Officer and General Counsel
Murray A. Indick	Chairman of the Board of Directors
James K. Bass	Director
Marc Scholvinck	Director

In addition, Jay Lasky has agreed to resign as an officer and director of the Company effective upon the consummation of the Merger.

### ITEM 5.03 AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS; CHANGES IN FISCAL YEAR

On November 10, 2014, the Board of Directors and majority stockholder of Legacy approved the following corporate actions, each contingent and effective upon the Closing of the Merger: (a) amending and restating our certificate of incorporation to change our name from Priced In Corp. to Legacy Education Alliance, Inc. (the “Name Change”); and (b) amending and restating our corporate bylaws. We have filed our amended and restated articles of incorporation to effect the Name Change, effective November 10, 2014.

### ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

#### (a) Financial Statements of Business Acquired

Filed herewith as Exhibit 99.1 and incorporated herein by reference are the audited consolidated financial statements of Tigrent Inc. and its subsidiaries for the fiscal years ending December 31, 2013 and December 31, 2012.

Filed herewith as Exhibit 99.2 and incorporated herein by reference are the unaudited consolidated financial statements of Tigrent Inc. and its subsidiaries for the six months ended June 30, 2014.

#### (b) Pro forma financial information

Filed herewith as Exhibit 99.3 and incorporated herein by reference are the pro forma consolidated financial statements of Tigrent Inc. and its subsidiaries and Priced In Corp. as of and for the 12 month period ending September 30, 2014 and as of and for the nine month period ending June 30, 2014.

#### (c) Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of November 10, 2014, by and among Priced In Corp., Priced in Corp. Subsidiary, Tigrent Inc. and Legacy Education Alliance Holdings, Inc.
3.1	Amended and Restated Articles of Incorporation
3.2	Amended and Restated Bylaws
4.1	Form of specimen certificate representing Common Stock of Legacy Education Alliance, Inc.
10.1	Bill of Sale, Assignment and Assumption Agreement dated as of September 10, 2014, by and between Tigrent Inc. and Legacy Education Alliance Holdings, Inc.
10.2	Form of Indemnification Agreement
10.3	Senior Executive Employment Agreement, dated October 2013, of Anthony C. Humpage
10.4	Assignment of Executive Employment of Anthony C. Humpage, dated November 10, 2014.
10.5	Royalty Payment Agreement dated March 15, 2013 (REDACTED)
10.6	License Agreement, dated September 1, 2013 (REDACTED)
10.7	Settlement and Amendment to the 2013 License Agreement, dated April 22, 2014 (REDACTED)
10.8	Supplement to Talent Endorsement Agreement with Robbie Fowler, dated January 1, 2013 (REDACTED)
16.01	Letter from MaloneBailey, LLP to the Securities and Exchange Commission dated November 6, 2014
21.1	Subsidiaries of Legacy Education Alliance, Inc.
99.1	Audited Consolidated Balance Sheets of Tigrent Inc. and Subsidiaries as of December 31, 2013 and 2012 and the related Statements of Operations, Changes in Stockholders' Equity (Deficit) and Cash Flows for the years ended December 31, 2013 and 2012
99.2	Unaudited Consolidated Balance Sheets of Tigrent Inc. and Subsidiaries as of June 30, 2014 and the related Statements of Operations and Cash Flows for the six months ended June 30, 2014 and 2013
99.3	Pro forma consolidated financial statements for the year ended September 30, 2013 and the nine month period ended June 30, 2014

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 10, 2014

LEGACY EDUCATION ALLIANCE, INC.

By: /s/ Anthony Humpage

Name: Anthony Humpage

Title: Chief Executive Officer

**AGREEMENT AND PLAN OF MERGER,**

**DATED AS OF NOVEMBER 10, 2014**

**by and among**

**PRICED IN CORP., a Nevada corporation,**

**PRICED IN CORP. SUBSIDIARY, a Colorado corporation,**

**TIGRENT INC., a Colorado corporation,**

**and**

**LEGACY EDUCATION ALLIANCE HOLDINGS, INC., a Colorado corporation**

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**AGREEMENT AND PLAN OF MERGER**, dated as of November 10, 2014 (this “**Agreement**”), by and among **PRICED IN CORP.**, a Nevada corporation (“**PRCD**”), **PRICED IN CORP. SUBSIDIARY**, a Colorado corporation and a wholly-owned subsidiary of PRCD (“**PRCD Sub**”), **TIGRENT INC.**, a Colorado corporation (“**TIGE**”), and **LEGACY EDUCATION ALLIANCE HOLDINGS, INC.**, a Colorado corporation and a wholly-owned subsidiary of TIGE (“**Holdings**”).

## **INTRODUCTION**

Pursuant hereto, and subject to the terms hereof, the parties hereto intend that PRCD Sub shall merge (the “**Merger**”) with and into Holdings pursuant to Section 7-90-203(2) of the Colorado Corporations and Associations Act (as amended, the “**CCAA**”). Certain capitalized terms that are used in this Agreement shall have the respective meanings ascribed thereto as set forth in **Annex A**.

## **I. SURVIVING CORPORATION**

**Section 1.01** Name of Surviving Corporation. The corporation which shall survive the Merger (the “**Surviving Entity**”) contemplated hereby is Holdings.

**Section 1.02** Certificate of Incorporation and By-laws. The certificate of incorporation and the by-laws of Holdings shall continue and be the certificate of incorporation and bylaws of the Surviving Entity.

**Section 1.03** Board of Directors and Officers.

(a) The officers and directors of PRCD and PRCD Sub immediately prior to the Effective Time shall resign or be removed from such position effective at the Effective Time.

(b) The directors and officers of Holdings immediately prior to the Effective Time shall be the directors and officers of each of the Surviving Entity and PRCD at the Effective Time.

## **II. REPRESENTATIONS AND WARRANTIES OF HOLDINGS**

TIGE represents and warrants to PRCD that the statements contained in this Article II are true and correct, except as set forth in the disclosure schedule of TIGE attached to this Agreement (the “**TIGE Disclosure Schedule**”). The Disclosure Schedule shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article II, and except to the extent that it is clear from the context thereof that such disclosure also applies to any other paragraph, the disclosures in any paragraph of the Disclosure Schedule shall qualify only the corresponding paragraph in this Article II. For purposes of this Article II, the phrase “to the knowledge of TIGE” or any phrase of similar import shall be deemed to refer to the actual knowledge of the executive officers of TIGE, as well as any other knowledge which such executive officers would have possessed had they made reasonable inquiry with respect to the matter in question.

**Section 2.01** Organization, Qualification and Corporate Power. TIGE and Holdings are each corporations duly organized, validly existing and in corporate and tax good standing under the laws of the State of Colorado. TIGE and Holdings are each duly qualified to conduct business and are in corporate and tax good standing under the laws of each jurisdiction in which the nature of their respective businesses or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect (as defined below). TIGE and Holdings each have all requisite corporate power and authority to carry on the businesses in which they are engaged and to own and use the properties owned and used by them. Neither TIGE nor Holdings is in default under or in violation of any provision of its certificate of incorporation, as amended to date, or its bylaws, as amended to date. For purposes of this Agreement, “**Material Adverse Effect**” means a material adverse effect on the assets, business, condition (financial or otherwise), results of operations or future prospects of the specified Person and its subsidiaries, taken as a whole.

**Section 2.02** Authorization of Transaction. TIGE and Holdings each have all requisite power and authority to execute and deliver this Agreement and to perform their respective obligations hereunder. The execution and delivery by TIGE and Holdings of this Agreement and the consummation by TIGE and Holdings of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of TIGE and Holdings. The board of directors of TIGE and Holdings has authorized, approved and adopted this Agreement and the performance of the obligations of each such person in accordance with its terms, in each case, in accordance with the provisions of the CCAA. Each stockholder of Holdings has authorized, approved and adopted this Agreement and the performance by Holdings of its obligations thereunder, in accordance with the provisions of the CCAA. This Agreement has been duly and validly executed and delivered by TIGE and Holdings and constitutes a valid and binding obligation of TIGE and Holdings, enforceable against TIGE and Holdings in accordance with its terms.

**Section 2.03** Noncontravention. Subject to the filing of the Certificate of Merger as required by the CCAA, neither the execution and delivery by TIGE or Holdings of this Agreement, nor the consummation by TIGE or Holdings of the transactions contemplated hereby, will (a) conflict with or violate any provision of the CCAA or the certificate of incorporation or bylaws of TIGE or Holdings, as amended to date, (b) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which TIGE or Holdings is a party or by which TIGE or Holdings is bound or to which any of their assets is subject that, with respect to this clause (b), would reasonably be expected to have a material adverse effect on PRCD to conduct the business of TIGE or Holdings from and after the Effective Date in substantially the manner as conducted by TIGE or Holdings prior to the Effective Date.

**Section 2.04** Minute Books. The minute books and other similar records of TIGE and Holdings contain complete and accurate records, in all material respects, of all actions taken at any meetings of each of TIGE’ and Holdings’s stockholders, board of directors or any committees thereof and of all written consents executed in lieu of the holding of any such meetings.

**Section 2.05** Brokers' Fees. Except as set forth on Section 2.06 of the TIGE Disclosure Schedule, neither TIGE nor Holdings has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

**Section 2.06** Subsidiaries. TIGE does not have any subsidiaries on the date of this Agreement except for Holdings, which is 100% owned by TIGE, and the subsidiaries of Holdings that are described in the TIGE Financial Statements (as hereinafter defined). The assets, business, operations, and goodwill, as well as the liabilities and obligations, of TIGE reflected in the TIGE Financial Statements, reflect the assets, business, operations, goodwill, liabilities, and obligations of Holdings.

**Section 2.07** Financial Statements. TIGE has made available to PRCD (a) the audited consolidated balance sheet and the related consolidated statements of operations and cash flows of TIGE at December 31, 2013 and December 31, 2012; and (b) the unaudited consolidated balance sheet of TIGE and the related statement of operations and cash flows for the six months ended June 30, 2014 (the "**TIGE Financial Statements**"). The TIGE Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("**GAAP**") applied on a consistent basis throughout the periods covered thereby, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of TIGE as of the respective dates thereof and for the periods referred to therein, comply as to form with the applicable rules and regulations of the SEC for inclusion of such in PRCD's filings with the SEC as required by the Exchange Act, are consistent in all material respects with their respective books and records and reflect adequate reserves for litigation and contingent liabilities as required by GAAP.

**Section 2.08** Tax Returns. TIGE has filed on a timely basis all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with, or relating to, taxes that it was required to file, and all the foregoing were complete and accurate in all material respects.

**Section 2.09** Intellectual Property. Holdings owns, is licensed or otherwise possesses legally enforceable rights to use, license and exploit all issued patents, copyrights, trademarks, service marks, trade names, trade secrets, and registered domain names and all applications for registration therefor (collectively, the "**Intellectual Property Rights**") and all computer programs and other computer software, databases, know-how, proprietary technology, formulae, and development tools, together with all goodwill related to any of the foregoing (collectively, the "**Intellectual Property**"), in each case, as is necessary to conduct its business as presently conducted, the absence of which would be considered reasonably likely to result in a Material Adverse Effect. Holdings is not nor will, as a result of the consummation of the Merger or other transactions contemplated by this Agreement be, in breach in any material respect of any license, sublicense or other agreement relating to the Intellectual Property Rights, or any licenses, sublicenses or other agreements as to which TIGE is a party and pursuant to which TIGE uses any patents, copyrights (including software), trademarks or other intellectual property rights of or owned by third parties, the breach of which would be reasonably likely to result in a Material Adverse Effect.

**Section 2.10** Complete Disclosure. The factual statements in this Agreement (including the TIGE Disclosures Schedules), and the draft of the Form 8-K that has been prepared by Holdings for filing with the SEC promptly after the Closing Date, a copy of which has been provided to PRCD) (the “**Super 8-K**”), are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

### **III. REPRESENTATIONS AND WARRANTIES OF PRCD AND PRCD SUB**

Each of PRCD and PRCD Sub represents and warrants to TIGE that the statements contained in this Article III are true and correct, except as set forth in the disclosure schedule provided by PRCD and PRCD Sub to TIGE on the date hereof and accepted in writing by TIGE (the “**PRCD Disclosure Schedule**”). The PRCD Disclosure Schedule shall be arranged in paragraphs corresponding to the numbered and lettered paragraphs contained in this Article III, and except to the extent that it is clear from the context thereof that such disclosure also applies to any other paragraph, the disclosures in any paragraph of the PRCD Disclosure Schedules shall qualify only the corresponding paragraph in this Article III. For purposes of this Article III, the phrase “to the knowledge of PRCD” or any phrase of similar import shall be deemed to refer to the actual knowledge of the executive officers of PRCD, as well as any other knowledge which such executive officers would have possessed had they made reasonable inquiry with respect to the matter in question.

#### **Section 3.01** Organization, Qualification and Corporate Power.

(a) PRCD and PRCD Sub are each corporations duly organized, validly existing and in corporate and tax good standing under the laws of the State of Nevada and the State of Colorado, respectively. PRCD and PRCD Sub are each duly qualified to conduct business and are in corporate and tax good standing under the laws of each jurisdiction in which the nature of their respective businesses or the ownership or leasing of its properties requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. PRCD and PRCD Sub each have all requisite corporate power and authority to carry on the businesses in which they are engaged and to own and use the properties owned and used by them. Neither PRCD nor PRCD Sub is in default under or in violation of any provision of its certificate of incorporation, as amended to date, or its bylaws, as amended to date.

(b) The authorized capital stock of PRCD, prior to the Stock Split that was effected by PRCD as described in the Form 8K that was filed by PRCD on October 3, 2014 (the “**Stock Split**”), consists of 75,000,000 shares of PRCD Common Stock, of which 12,750,000 shares were issued and outstanding as of the date of this Agreement. PRCD Common Stock is presently eligible for quotation and trading on the Over-the-Counter Bulletin Board (the “**OTCQB**”) and is not subject to any notice of suspension or delisting. PRCD Common Stock is presently not registered under Section 12(g) of the Exchange Act. PRCD files periodic reports with the SEC pursuant to the provisions of Section 15(d) of the Exchange Act. All of the issued and outstanding shares of PRCD Common Stock are duly authorized, validly issued, fully paid, non-assessable and free of all preemptive rights. There are no outstanding or authorized options, warrants, rights, agreements or commitments to which PRCD is a party or which are binding upon PRCD providing for the issuance or redemption of any of its capital stock. All of the issued and outstanding shares of PRCD Common Stock were issued in compliance with applicable federal and state securities laws.

**Section 3.02** Authorization of Transaction. PRCD and PRCD Sub each have all requisite power and authority to execute and deliver this Agreement and to perform their respective obligations hereunder. The execution and delivery by PRCD and PRCD Sub of this Agreement and the consummation by PRCD and PRCD Sub of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of PRCD and PRCD Sub. The board of directors of PRCD and PRCD Sub has authorized, approved and adopted this Agreement and the performance of the obligations of each such person in accordance with its terms, in each case, in accordance with the provisions of Article 92A.190 of the Nevada Revised Statutes (as amended, the “NRS”). Each stockholder of PRCD Sub has authorized, approved and adopted this Agreement and the performance by PRCD Sub of its obligations thereunder, in accordance with the provisions of the NRS. This Agreement has been duly and validly executed and delivered by PRCD and PRCD Sub and constitutes a valid and binding obligation of PRCD and PRCD Sub, enforceable against PRCD and PRCD Sub in accordance with its terms.

**Section 3.03** Noncontravention. Subject to the filing of the Certificate of Merger as required by the CCAA, neither the execution and delivery by PRCD or PRCD Sub of this Agreement, nor the consummation by PRCD or PRCD Sub of the transactions contemplated hereby, will (a) conflict with or violate any provision of the NRS or the certificate of incorporation or bylaws of PRCD or PRCD Sub, as amended to date, (b) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to terminate, modify or cancel, or require any notice, consent or waiver under, any contract or instrument to which PRCD or PRCD Sub is a party or by which PRCD or PRCD Sub is bound or to which any of their assets is subject.

**Section 3.04** Minute Books. The minute books and other similar records of PRCD and PRCD Sub contain complete and accurate records, in all material respects, of all actions taken at any meetings of each of PRCD’s and PRCD Sub’s stockholders, board of directors or any committees thereof and of all written consents executed in lieu of the holding of any such meetings.

**Section 3.05** Brokers’ Fees. Except as set forth on Section 3.05 of the PRCD Disclosure Schedule, neither PRCD nor PRCD Sub has any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

**Section 3.06** Shell Company. PRCD is and at the Effective Time shall continue to be a “**shell company**” as defined by the Securities Exchange Act of 1934, as amended, that has not conducted any substantive business, has no assets and does not have liabilities that are in excess of \$5,000 plus the reasonable amounts payable to counsel, the accountants and vendors in connection with the preparation and filing of the Form 10K for the annual period ending September 30, 2014.

**Section 3.07** Subsidiaries. PRCD does not have any Subsidiaries except for PRCD Sub, which is 100% owned by PRCD on the date of this Agreement.

**Section 3.08** Financial Statements. PRCD has made available to TIGE (a) the audited balance sheet and the related statements of operations and cash flows of PRCD at September 30, 2013 and September 30, 2012; and (b) the unaudited balance sheet of PRCD and the related statement of operations and cash flows for the nine months ended June 30, 2014 (the "**PRCD Financial Statements**"). The PRCD Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, fairly present in all material respects the consolidated financial condition, results of operations and cash flows of TIGE as of the respective dates thereof and for the periods referred to therein, comply as to form with the applicable rules and regulations of the SEC for inclusion of such in PRCD's filings with the SEC as required by the Exchange Act, are consistent in all material respects with their respective books and records and reflect adequate reserves for litigation and contingent liabilities as required by GAAP.

**Section 3.09** Tax Returns. PRCD has filed on a timely basis all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with, or relating to, taxes that it was required to file, and all the foregoing were complete and accurate in all material respects.

**Section 3.10** Complete Disclosure. The factual statements in this Agreement (including the PRCD Disclosures Schedules), and the Exchange Act Reports filed by PRCD with the SEC on or prior to the Closing Date are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

#### IV. STATUS AND CONVERSION OF SECURITIES

**Section 4.01** Stock of Holdings.

(a) All of the shares of common stock, par value \$0.01 per share, of Holdings ("**Holdings Common Stock**") outstanding at the Effective Time shall be converted into and exchanged for an aggregate of 16,000,000 shares ("**Merger Shares**") of common stock, par value \$0.0001 per share, of PRCD ("**PRCD Common Stock**"), except that shares of Holdings Common Stock held in Holdings's treasury or owned by PRCD at the Effective Time shall be cancelled. The ratio of Merger Shares to the number of shares of issued and outstanding Holdings Common Stock (giving effect to the cancellation referenced in the immediately preceding sentence) is referred to hereinafter as the "**Exchange Ratio**."

(b) Subject to the provisions of this Section 4.01(b), after the Effective Time, each holder of an outstanding certificate or certificates (the “**Old Certificates**”) theretofore representing shares of Holdings Common Stock, upon surrender thereof to the stock transfer agent of PRCD (the “**Exchange Agent**”), shall be entitled to receive in exchange therefor a certificate or certificates (the “**New Certificates**”), which PRCD agrees to make available to the Exchange Agent as soon as practicable after the Effective Time, representing the number of whole shares of PRCD Common Stock into and for which the shares of Holdings Common Stock theretofore represented by such surrendered Old Certificates have been converted and exchanged. No certificates for fractional shares of PRCD Common Stock will be issued, no PRCD stock split or dividend shall relate to any fractional share interest, and no such fractional share interest shall entitle the owner thereof to vote or to any rights of a stockholder of PRCD. In lieu of the issuance or recognition of fractional shares of PRCD Common Stock or interests or rights therein, the number of shares deliverable shall be rounded up to the next whole number of shares. Fractional shares will not be issued and each holder of Holdings Common Stock will receive such fraction multiplied by \$1.00 per share (the “**Effective Price Per Share**”). Until surrendered and exchanged, each Old Certificate shall after the Effective Time be deemed for all corporate purposes, other than the payment of dividends or liquidating or other distributions, if any, to holders of record of Holdings Common Stock, to represent only the right to receive the number of whole shares of PRCD Common Stock into and for which the shares of Holdings Common Stock theretofore represented by such Old Certificate shall have been converted. No dividend or liquidating or other distribution, if any, payable to holders of record of shares of Holdings Common Stock at or after the Effective Time on shares of Holdings Common Stock, or payable subsequent to the Effective Time to holders of record of shares of Holdings Common Stock at a time prior to the Effective Time shall be paid to the holders of Old Certificates; provided, however, that upon surrender and exchange of such Old Certificates there shall be paid (subject to the last sentence of Section 2.01(b)) to the record holders of the New Certificates issued in exchange therefor: (i) the amount, without interest thereon, of dividends and liquidating or other distributions, if any, which theretofore have become payable to holders of record of shares of PRCD Common Stock on or after the Effective Time with respect to the number of whole shares of PRCD Common Stock represented by such New Certificates; and (ii) the amount, without interest thereon, of dividends and liquidating or other distributions (in each case, other than distributions of PRCD Common Stock), if any, declared by PRCD payable to holders of record of shares of PRCD Common Stock at a time that is after the date of this Agreement and prior to the Effective Time but payable subsequent to the Effective Time. If outstanding Old Certificates are not surrendered and exchanged for New Certificates prior to two years after the Effective Time (or, in any particular case, prior to the date before the second anniversary of the Effective Time on which the whole shares of Holdings Common Stock, the dividends and liquidating or other distributions, if any, described below would otherwise escheat to or become the property of any governmental unit or any agency thereof), the number of whole shares of Holdings Common Stock into and for which the shares of PRCD Common Stock theretofore represented by such Old Certificates shall have been converted, and the dividends and liquidating or other distributions, if any, would have been payable with respect to the shares of Holdings Common Stock theretofore represented by such Old Certificates, shall escheat to or become the property of any governmental unit or any agency thereof in accordance with applicable law.

(c) If any New Certificate is to be issued in a name other than that in which the Old Certificate surrendered for exchange is issued, the Old Certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and the person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of the issuance of the New Certificate in any name other than that of the registered holder of the Old Certificate surrendered, or establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) If, after the Effective Time, Old Certificates are presented to PRCD, they shall be exchanged pursuant to Section 2.01(b).

**Section 4.02** [Reserved]

**Section 4.03** [Reserved]

**Section 4.04** Capital Stock of PRCD Sub. Each share of common stock, par value \$0.01 per share, of PRCD Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one (1) newly issued, fully paid and non-assessable share of common stock of Holdings so that immediately after the Effective Time, Holdings will be a wholly owned subsidiary of PRCD.

## V. CONDITIONS PRECEDENT TO MERGER

**Section 5.01** Conditions Precedent to Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated by this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions, any or all of which may be waived, in whole or in part (and to the extent necessary, the parties have received the required consents from their respective shareholders to take such actions):

(a) PRCD shall have amended its certificate of incorporation so that it is amended and restated in the form attached hereto as **Exhibit I** (the “**Effective Time PRCD Charter**”);

(b) PRCD shall have amended its bylaws so that it is amended and restated in the form attached hereto as **Exhibit II** (the “**Effective Time PRCD Bylaws**”);

(c) The directors and officers of PRCD and TIGE shall have coverage under a directors and officers insurance policy that is reasonably acceptable to TIGE, which such policy shall be entered into on or immediately after the Effective Time, or under any other arrangement, which arrangement and coverage shall be acceptable to TIGE;

(d) PRCD shall divest all operations as reasonably requested by TIGE.

(e) The parties have received all consents necessary to effectuate the Merger, including any consents required by governmental authorities;

(f) A draft of a Current Report on Form 8-K that will be filed with the SEC (as defined below) on or promptly after the Closing Date shall be acceptable to TIGE, in its sole and absolute discretion;

(g) The Board of TIGE has approved resolutions authorizing the affirmative vote of all Holdings shares in favor of the adoption of this Agreement and the Merger;

(h) TIGE shall have delivered to PRCD and PRCD Sub a certificate (the “**TIGE Certificate**”) to the effect that each of the following conditions is satisfied in all respects:

(i) TIGE and Holdings shall have obtained (and shall have provided copies thereof to PRCD) all waivers, permits, consents, approvals or other authorizations, and effected all of the registrations, filings and notices which are required on the part of TIGE and Holdings, respectively, except for any the failure of which to obtain or effect does not, individually or in the aggregate, have a Material Adverse Effect or a material adverse effect on the ability of the parties to consummate the transactions contemplated by this Agreement;

(ii) TIGE and Holdings shall have obtained all necessary board, shareholder and third party consents;

(iii) the representations and warranties of Holdings and TIGE set forth in this Agreement (when read without regard to any qualification as to materiality or Material Adverse Effect contained therein) shall be true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time as though made as of the Effective Time (provided, however, that to the extent such representation and warranty expressly relates to an earlier date, such representation and warranty shall be true and correct as of such earlier date), except for any untrue or incorrect representation and warranty that, individually or in the aggregate, does not have a Material Adverse Effect or a material adverse effect on the ability of the parties to consummate the transactions contemplated by this Agreement;

(iv) TIGE and Holdings shall have performed or complied in all material respects with its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Effective Time;

(v) no action by any government or authority or legal proceedings shall be pending wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement, or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect.

(i) PRCD shall have delivered to TIGE a certificate (the “**PRCD Certificate**”) to the effect that each of the following conditions is satisfied in all respects:

(i) PRCD and PRCD Sub shall have obtained (and shall have provided copies thereof to TIGE) all waivers, permits, consents, resolutions, approvals or other authorizations, and effected all of the registrations, filings and notices which are required on the part of PRCD and PRCD Sub, respectively, except for any the failure of which to obtain or effect does not, individually or in the aggregate, have a PRCD Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement;

(ii) PRCD and PRCD Sub obtaining all necessary board, shareholder, and third party consents; and

(iii) no action by any government or authority or legal proceedings shall be pending wherein an unfavorable judgment, order, decree, stipulation or injunction would (i) prevent consummation of any of the transactions contemplated by this Agreement, or (ii) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, and no such judgment, order, decree, stipulation or injunction shall be in effect; and.

(j) TIGE shall have received copies of documentation that is satisfactory to it that evidences that 11,685,000 of PRCD Common Stock has been irrevocably tendered to the transfer agent of PRCD for cancellation in form and substance acceptable to TIGE.

## VI. CLOSING; FILING; EFFECTIVE TIME

**Section 6.01** Closing. The closing of the Merger (the “**Closing**”) shall take place as promptly as practicable (but in no event later than the third Business Day) after the satisfaction or waiver of the conditions (excluding conditions that, by their nature, cannot be satisfied until after the Closing, but subject to the satisfaction or waiver of those conditions as of the Closing) set forth in Article III, unless this Agreement has been theretofore terminated pursuant to its terms or unless another time or date is agreed to in writing by the parties hereto (the date and time of the Closing being referred to in this Agreement as the “**Closing Date**”); provided, that the Closing Date shall not be prior to the date specified by TIGE. The Closing shall be held at the offices of Herrick, Feinstein LLP, 2 Park Avenue, New York, NY 10016, unless another place is agreed to in writing by the parties hereto.

**Section 6.02** Filing; Effective Time. As soon as practicable on the Closing Date, the parties hereto shall cause the Merger to be consummated by filing appropriate articles of merger in the forms required by the CCAA in the offices of the Secretary of State of the State of Colorado, at which time the Merger shall become effective (the “**Effective Time**”).

**Section 6.03** Effect Under the CCAA. When the Merger becomes effective, the separate existence of PRCD Sub shall cease to exist, PRCD Sub shall be merged into Holdings, and Holdings shall possess all the rights, privileges, powers, and franchises of a public as well as of a private nature, and shall be subject to all the restrictions, disabilities, and duties of PRCD Sub; and all and singular, the rights, privileges, powers, and franchises of PRCD Sub, and all property, real, personal, and mixed, and all debts due to PRCD Sub on whatever account, as well for stock subscriptions as all other things in action or belonging to PRCD Sub shall be vested in Holdings; and all property, rights, privileges, powers, and franchises, and all and every other interest shall be thereafter as effectually the property of Holdings; and the title to any real estate vested by deed or otherwise, under the laws of the State of Colorado or any other jurisdiction, in PRCD Sub, shall not revert or be in any way impaired by reason of the Merger; but all rights of creditors and all liens upon any property of PRCD Sub shall be preserved unimpaired, and all debts, liabilities, and duties of PRCD Sub shall thenceforth attach to Holdings, and may be enforced against it to the same extent as if such debts, liabilities, and duties had been incurred or contracted by it.

## VII. COVENANTS

**Section 7.01** PRCD and PRCD Sub Covenants. PRCD and PRCD Sub agree that, unless TIGE agrees in writing or otherwise stated in this Agreement:

(a) Until the earlier of the Effective Time and the abandonment or termination of the Merger pursuant to Article VI or otherwise (the “**Release Time**”), no amendment will be made in the certificate of incorporation or by-laws of either PRCD or PRCD Sub other than as provided in in Section 5.01(a) and Section 5.01(b).

(b) Until the Release Time, no share of capital stock of PRCD or PRCD Sub, option or warrant for any such share, right to subscribe to or purchase any such share, or security convertible into, or exchangeable or exercisable for, any such share, shall be issued or sold by PRCD or PRCD Sub, other than as contemplated by, or in connection with, this Agreement.

(c) Until the Release Time, no dividend or liquidating or other distribution or stock split shall be authorized, declared, paid, or effected by PRCD or PRCD Sub in respect of the outstanding shares of PRCD or PRCD Sub Common Stock other than as provided in this Agreement. Until the Release Time, no direct or indirect redemption, purchase, or other acquisition shall be made by PRCD of shares of PRCD Common Stock.

(d) Until the Release Time, PRCD or PRCD Sub shall not borrow money, guarantee the borrowing of money, engage in any transaction, or enter into any material agreement other than in connection with the transactions contemplated hereby or in connection herewith or, to the extent approved by TIGE, to obtain such amounts as is necessary to maintain PRCD’s ability to stay current in its publicly filed reports.

(e) Until the Release Time, PRCD and PRCD Sub will afford the officers, directors, employees, counsel, agents, investment bankers, accountants, and other representatives of TIGE or Holdings and lenders, investors, and prospective lenders and investors free and full access to the books and records of PRCD and PRCD Sub, will permit them to make extracts from and copies of such books and records, and will from time to time furnish TIGE and Holdings with such additional financial and operating data and other information as to the financial condition, results of operations, businesses, properties, assets, liabilities, or future prospects of PRCD or PRCD Sub as TIGE from time to time may request.

(f) Until the Release Time, PRCD and PRCD Sub will conduct its affairs so that at the Effective Time no covenant or agreement of PRCD and PRCD Sub under this Agreement will be breached, and no condition in this Agreement will remain unfulfilled by reason of the actions or omissions of PRCD and PRCD Sub. Until the Release Time, PRCD and PRCD Sub will conduct its affairs in all respects only in the ordinary course, other than in connection with the matters referenced herein.

(g) Until the Release Time, PRCD and PRCD Sub will promptly advise TIGE of any material fact or occurrence or any pending or threatened material occurrence of which it obtains knowledge and which (if existing and known at the date of the execution of this Agreement) would have been required to be set forth or disclosed in or pursuant to this Agreement, which (if existing and known at any time prior to or at the Effective Time) would make the performance by any party of a covenant contained in this Agreement impossible or make such performance materially more difficult than in the absence of such fact or occurrence, or which (if existing and known at the time of the Effective Time) would cause a condition to any party's obligations under this Agreement not to be fully satisfied.

(h) PRCD and PRCD Sub shall use its commercially reasonable efforts to insure that all confidential information which PRCD and PRCD Sub or any of its respective officers, directors, employees, counsel, agents, investment bankers, or accountants may now possess or may hereafter create or obtain relating to the financial condition, results of operations, businesses, properties, assets, liabilities, or future prospects of PRCD and PRCD Sub shall not be published, disclosed, or made accessible by any of them to any other person or entity at any time or used by any of them except in the ordinary course of business and for the benefit of PRCD and PRCD Sub; provided, however, that the restrictions of this sentence shall not apply (A) after the Merger is abandoned or terminated pursuant to Article VI or otherwise, (B) as may otherwise be required by law, (C) as may be necessary or appropriate in connection with the enforcement of this Agreement, or (D) to the extent the information shall have otherwise become publicly available.

(i) Before PRCD or PRCD Sub release any information concerning this Agreement, the Merger, or any of the other transactions contemplated by this Agreement which is intended for, or may result in, public dissemination thereof, PRCD and PRCD Sub shall cooperate with TIGE, shall furnish drafts of all documents or proposed oral statements to TIGE for comment, and shall not release any such information without the consent of TIGE, which consent shall not be unreasonably withheld. Nothing contained herein shall prevent PRCD or PRCD Sub from releasing any information if required to do so by law.

(j) PRCD and PRCD Sub shall timely prepare and file prior to the Effective Time any documentation, declaration or filing required by applicable law, rules, or regulations in connection with the Merger and the other transactions contemplated hereby or in connection herewith and all such documents shall be provided to TIGE for its review and comment.

(k) PRCD and PRCD Sub shall not make any agreement or reach any understanding not approved by TIGE as a condition for obtaining any consent, authorization, approval, order, license, certificate, or permit required for the consummation of the transactions contemplated by this Agreement.

(l) PRCD shall make all appropriate reports required under the Exchange Act (including the Current Report on Form 8-K in the form required by the Securities and Exchange Commission (the “SEC”) in substantially the form of the Super 8-K, all such reports and filings being hereinafter called the “Exchange Act Reports”, in connection with the Merger, or for inclusion in filings by PRCD under state “blue-sky,” securities, or take-over laws, and include therein such information about PRCD and PRCD Sub or Holdings or PRCD and PRCD Sub’s security holders as may be required or as may be reasonably requested by TIGE, and shall continue to furnish or cause to be furnished such information as is necessary to keep such information correct and complete in all material respect until the Release Time, and all such documents shall be provided to TIGE prior to the filing so that TIGE may review such documents and make comments thereto. Each of TIGE, Holdings, PRCD and PRCD Sub represent and warrant that the respective information that it has furnished to date, taken as a whole, does not now, and will not at any time prior to the Release Time, (i) contain an untrue statement of a material fact or (ii) omit to state a material fact required to be stated therein or necessary to make the statements therein not false or misleading.

(m) PRCD and PRCD Sub shall timely prepare and file any declaration or filing necessary to comply with any transfer tax statutes that require any such filing before the Effective Time.

(n) Without the prior written consent of TIGE, for a period that is the earlier of: (i) two years after the Effective Time; or (ii) the date that TIGE is a stockholder of record of less than 10% of the PRCD Common Stock, determined on a fully diluted basis, PRCD shall not sell, lease or exchange all or substantially all of the Holdings Common Stock then held by PRCD or cause Holdings to sell all or substantially all of Holdings’s property and assets, including Holdings’s goodwill and its corporate franchises. Notwithstanding the foregoing sentence, the covenant of PRCD in this Section 5.01(n) shall not prohibit or restrict: (i) the issuance and sale of any security issued by Holdings; (ii) any pledge or other grant of a security interest in, or other financing of Holdings or its property or assets, including any foreclosure of such security interest; or (iii) any transaction involving the securities of PRCD, including the issuance of any security by PRCD or any merger, consolidation or recapitalization of PRCD, including any transaction or series of transactions that result in any change in ownership or beneficial ownership or control of PRCD. For the avoidance of doubt, the foregoing sentence shall not affect or limit in any way any right that TIGE may have pursuant to the Certificate of Incorporation or Bylaws of PRCD or applicable law to vote or consent in TIGE’ capacity as a stockholder of PRCD.

**Section 7.02** Mutual Covenants. Except as contemplated by this Agreement or as agreed among TIGE and PRCD, during the period from the date of this Agreement to the Effective Time or the termination of this Agreement, each of TIGE and PRCD shall conduct their respective operations in the ordinary course of business and in material compliance with all applicable laws and regulations and, to the extent consistent therewith, use its reasonable best efforts to preserve intact its current business organization, keep its physical assets in good working condition, keep available the services of its current officers and employees and preserve its relationships with customers, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not, except as expressly contemplated by this Agreement, be impaired in any material respect.

**Section 7.03** Post Closing Administrative Support and Expense Reimbursement.

(a) From and after the Effective Time, PRCD shall promptly pay all of the following expenses and costs of TIGE as from time to time incurred by TIGE upon TIGE providing receipts, invoices or other appropriate documentation, in each case, to the extent that such expense is related to TIGE' investment in PRCD and managing such investment:

(i) administrative and related expenses;

(ii) legal fees and expenses, including the cost of preparing and distributing reports regarding the business and financial condition of PRCD to the shareholders of TIGE;

(iii) accounting fees and expenses;

(iv) all taxes of any kind or nature, including without limitation, taxes for any period commencing on a date that is prior to the Effective Time and all penalties, assessments, interests and any other amounts, including costs and expenses for analysis and defense of any claims by any taxing authority and all other amounts payable with respect to any and all taxes and the preparation and analysis of returns or statements to any taxing authority ("**Reimbursable Taxes**"), excepting only income taxes payable by TIGE to the extent arising after the Closing from dividends or distributions by PRCD to TIGE, it being acknowledged and agreed that Reimbursable Taxes shall include all taxes payable by TIGE for the year ended December 31, 2014;

(v) all costs, expenses and expenditures resulting from any tax or regulatory audits of the business for any years prior to the Closing;

(vi) all costs regarding the directors and officers and related insurance policies; and

(vii) all costs, amounts paid in settlement or judgment, legal, investigation and defense costs of TIGE and its officers and directors or employees or consultants arising from or related to any case or controversy affecting TIGE related to: (x) the business of Holdings, other than any contingent liability that is required by GAAP to be disclosed in the December 31, 2013 TIGE Financial Statements that is not so disclosed or (y) the ownership of PRCD stock by TIGE.

(b) From and after the Closing, PRCD shall promptly provide all administrative and related services from time to time reasonably requested by TIGE as no expense or cost, including without limitation, use of office facilities, printing, and telecommunication.

(c) The obligations of PRCD set forth in Section 7.03 (a) and (b) shall terminate on the date that TIGE is not a controlling person (as defined by the Securities Act of 1933, as amended the "Securities Act") of PRCD.

## VIII. INDEMNIFICATION

**Section 8.01** Indemnification by TIGE. TIGE shall indemnify the Effective Date Stockholders (as defined below) in respect of, and hold it harmless against, any and all Damages incurred or suffered by the Effective Date Stockholders resulting from, relating to or constituting any misrepresentation, breach of warranty or failure to perform any covenant or agreement of TIGE or Holdings contained in this Agreement.

**Section 8.02** Indemnification by PRCD. PRCD shall indemnify TIGE in respect of, and hold it harmless against, any and all Damages incurred or suffered by TIGE resulting from, relating to or constituting any misrepresentation, breach of warranty or failure to perform any covenant or agreement of PRCD contained in this Agreement.

**Section 8.03** Indemnification Claims by the Parties.

(a) In the event that a Party is entitled, or seeks to assert rights, to indemnification under this Article VI, the Party seeking indemnification (the “**Indemnitee**”) shall give written notification to the Party from whom indemnification is sought (the “**Indemnitor**”) of the commencement of any suit or proceeding relating to a third party claim for which indemnification pursuant to this Article VI may be sought. Such notification shall be given within 20 days after receipt by the Indemnitee of notice of such suit or proceeding, and shall describe in reasonable detail (to the extent known by the Indemnitee) the facts constituting the basis for such suit or proceeding and the amount of the claimed damages; provided, however, that no delay on the part of the Indemnitee in notifying the Indemnitor shall relieve the Indemnitor of any liability or obligation hereunder except to the extent of any damage or liability caused by or arising out of such failure. Within 20 days after delivery of such notification, the Indemnitor may, upon written notice thereof to the Indemnitee, assume control of the defense of such suit or proceeding with counsel reasonably satisfactory to the Indemnitee; provided that the Indemnitor may not assume control of the defense of a suit or proceeding involving criminal liability or in which equitable relief is sought against the Indemnitee. If the Indemnitor does not so assume control of such defense, the Indemnitee shall control such defense. The party not controlling such defense (the “**Non-Controlling Party**”) may participate therein at its own expense; provided that if the Indemnitor assumes control of such defense and the Indemnitee reasonably concludes that the Indemnitor and the Indemnitee have conflicting interests or different defenses available with respect to such suit or proceeding, the reasonable fees and expenses of counsel to the Indemnitee shall be considered “**Damages**” for purposes of this Agreement. The party controlling such defense (the “**Controlling Party**”) shall keep the Non-Controlling Party reasonably advised of the status of such suit or proceeding and the defense thereof and shall consider in good faith recommendations made by the Non-Controlling Party with respect thereto. The Non-Controlling Party shall furnish the Controlling Party with such information as it may have in its possession or control with respect to such suit or proceeding (including copies of any summons, complaint or other pleading which may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and shall otherwise reasonably cooperate with and assist the Controlling Party in the defense of such suit or proceeding. The Indemnitor shall not agree to any settlement of, or the entry of any judgment arising from, any such suit or proceeding without the prior written consent of the Indemnitee, which shall not be unreasonably withheld or delayed; provided that the consent of the Indemnitee shall not be required if the Indemnitor agrees in writing to pay any amounts payable pursuant to such settlement or judgment and such settlement or judgment includes a complete release of the Indemnitee from further liability and has no other materially adverse effect on the Indemnitee. The Indemnitee shall not agree to any settlement of, or the entry of any judgment arising from, any such suit or proceeding without the prior written consent of the Indemnitor, which shall not be unreasonably withheld or delayed.

(b) In order to seek indemnification under this Article VI, Indemnitee shall give written notification (a “**Claim Notice**”) to the Indemnitor which contains (i) a description and the amount (the “**Claimed Amount**”) of any Damages incurred or reasonably expected to be incurred by the Indemnitee, (ii) a statement that the Indemnitee is entitled to indemnification under this Article VI for such Damages and a reasonable explanation of the basis therefor, and (iii) a demand for payment (in the manner provided in paragraph (c) below) in the amount of such Claimed Amount.

(c) Within 20 days after delivery of a Claim Notice, the Indemnitor shall deliver to the Indemnitee a written response (the “**Response**”) in which Indemnitor shall: (i) agree that the Indemnitee is entitled to receive all of the Claimed Amount, (ii) agree that the Indemnitee is entitled to receive part, but not all, of the Claimed Amount (the “**Agreed Amount**”), or (iii) dispute that the Indemnitee is entitled to receive any of the Claimed Amount. If the Indemnitor in the Response disputes its liability for all or part of the Claimed Amount, the Indemnitor and the Indemnitee shall follow the procedures set forth in Section 6.3(d) for the resolution of such dispute (a “**Dispute**”).

(d) During the 60-day period following the delivery of a Response that reflects a Dispute, the Indemnitor and the Indemnitee shall use good faith efforts to resolve the Dispute. If the Dispute is not resolved within such 60-day period, the Indemnitor and the Indemnitee shall discuss in good faith the submission of the Dispute to a mutually acceptable alternative dispute resolution procedure (which may be non-binding or binding upon the parties, as they agree in advance) (the “**ADR Procedure**”). In the event the Indemnitor and the Indemnitee agree upon an ADR Procedure, such parties shall, in consultation with the chosen dispute resolution service (the “**ADR Service**”), promptly agree upon a format and timetable for the ADR Procedure, agree upon the rules applicable to the ADR Procedure, and promptly undertake the ADR Procedure. The provisions of this Section 8.3(d) shall not obligate the Indemnitor and the Indemnitee to pursue an ADR Procedure or prevent either such party from pursuing the Dispute in a court of competent jurisdiction; provided that, if the Indemnitor and the Indemnitee agree to pursue an ADR Procedure, neither the Indemnitor nor the Indemnitee may commence litigation or seek other remedies with respect to the Dispute prior to the completion of such ADR Procedure. Any ADR Procedure undertaken by the Indemnitor and the Indemnitee shall be considered a compromise negotiation for purposes of federal and state rules of evidence, and all statements, offers, opinions and disclosures (whether written or oral) made in the course of the ADR Procedure by or on behalf of the Indemnitor, or any of the Indemnifying Stockholders, the Indemnitee or the ADR Service shall be treated as confidential and, where appropriate, as privileged work product. Such statements, offers, opinions and disclosures shall not be discoverable or admissible for any purposes in any litigation or other proceeding relating to the Dispute (provided that this sentence shall not be construed to exclude from discovery or admission any matter that is otherwise discoverable or admissible). The fees and expenses of any ADR Service used by the Indemnitor and the Indemnitee shall be considered Damages.

(e) For the purposes of controlling the actions by TIGE or PRCD (or their respective subsidiaries, with respect to any dispute between any such parties: (i) all actions of TIGE and PRCD (after the Effective Date) shall be directed and controlled by their respective board of directors or any individual authorized by such boards; and (ii) all actions of the stockholders of PRCD as of immediately prior to the Effective Date that continue to be stockholders on the Effective Date (the “**Effective Date Stockholders**”), shall be directed by a person that is designated by New World Merchant Partners LLC (“**New World**”), a Delaware limited liability company (such person being the “**Stockholder Representative**”), who will have the power and authority as the attorney in fact for the Effective Date Stockholders; provided, that: (i) if New World does not duly and timely appoint a Stockholder Representative, then such person shall be a mediator appointed by JAMS and (ii) the Stockholder Representative may be removed and replaced by the vote of the Effective Date Stockholders by the action of the holders of 80% or more of the shares held by the Effective Date Stockholders as of the record date that is the Business Day immediately prior to the Effective Date.

(f) All Damages paid to an Indemnitee shall be paid as follows: (i) if the Indemnitee is TIGE, by PRCD issuing additional shares of PRCD Common Stock to TIGE with a value equal to the Damages so that the full amount of such Damages is paid by the Effective Date Stockholders; and (ii) if the Indemnitee is PRCD, then such Damages shall be paid by TIGE to the Effective Date Stockholders by TIGE transferring shares of PRCD Common Stock to the Company.

**Section 8.04** Survival of Representations and Warranties. All representations and warranties contained in this Agreement, TIGE' Certificate or PRCD Certificate shall (a) survive the Closing and any investigation at any time made by or on behalf of PRCD or TIGE and (b) shall expire on the date six months following the Closing Date. If PRCD delivers, before expiration of a representation or warranty, either a Claim Notice based upon a breach of such representation or warranty, or a notice that, as a result of a legal proceeding instituted by or written claim made by a third party, PRCD reasonably expects to incur Damages as a result of a breach of such representation or warranty (an "Expected Claim Notice"), then such representation or warranty shall survive until, but only for purposes of, the resolution of the matter covered by such Expected Claim Notice. If the legal proceeding or written claim with respect to which an Expected Claim Notice has been given is definitively withdrawn or resolved in favor of PRCD, PRCD shall promptly so notify the other Parties hereto.

**Section 8.05** Limitations on Claims for Indemnification. Notwithstanding anything to the contrary herein, no Party shall be entitled to recover, or be indemnified for, Damages arising out of a misrepresentation or breach of warranty set forth in Article II unless and until the aggregate of all such Damages paid or payable by the Indemnitor collectively exceeds \$50,000 (the "Damages Threshold") and then, if such aggregate threshold is reached such Party shall be entitled to recover, or be indemnified for, all Damages under this Article VIII.

## IX. CONDITIONS; ABANDONMENT AND TERMINATION

**Section 9.01** Right of TIGE. TIGE shall have the right to abandon or terminate the Merger at any time or any reason or no reason at the discretion of the TIGE, in its sole and absolute discretion, or if any of the following conditions shall not be true or shall not have occurred, as the case may be, as of the specified date or dates:

(a) All actions, proceedings, instruments, and documents required by TIGE to carry out this Agreement or incidental thereto and all other related legal matters shall be subject to the reasonable approval of counsel to TIGE, and PRCD and PRCD Sub shall have furnished such counsel such documents as such counsel may have reasonably requested for the purpose of enabling them to pass upon such matters.

(b) At the Effective Time, there shall not be pending or overtly threatened any legal proceeding relating to, or seeking to prohibit or otherwise challenge the consummation of, the transactions contemplated by this Agreement, or to obtain substantial damages with respect thereto.

(c) There shall not have been any action taken, or any law, rule, regulation, order, judgment, or decree proposed, promulgated, enacted, entered, enforced, or deemed applicable to the transactions contemplated by this Agreement by any federal, state, local, or other governmental authority or by any court or other tribunal, including the entry of a preliminary or permanent injunction, which, in the reasonable judgment of TIGE, (i) makes this Agreement, the Merger, or any of the other transactions contemplated by this Agreement illegal, (ii) results in a delay in the ability of PRCD Sub and Holdings to consummate the Merger or any of the other transactions contemplated by this Agreement beyond the date that is 30 days after the date of this Agreement, (iii) imposes material limitations on the ability of TIGE effectively to exercise full rights of ownership of shares of PRCD, or (v) otherwise prohibits, restricts, or delays consummation of the Merger or any of the other transactions contemplated by this Agreement or impairs the contemplated benefits to TIGE of this Agreement, the Merger, or any of the other transactions contemplated by this Agreement.

(d) The parties to this Agreement shall have made all required filings with governmental authorities and shall have obtained at or prior to the Effective Time all required written approvals to this Agreement and to the execution, delivery, and performance of this Agreement by each of them of relevant governmental authorities having jurisdiction over PRCD or PRCD Sub or the subject matter of this Agreement.

(e) The parties to this Agreement shall have obtained at or prior to the Effective Time all consents required for the consummation of the Merger and the other transactions contemplated by this Agreement from any unrelated third party to any contract, agreement, instrument, lease, license, arrangement, or understanding to which any of them is a party, or to which any of them or any of their respective businesses, properties, or assets are subject.

(f) Each of the conditions described in Section 5.01 shall have been satisfied on or prior to the Closing Date to the satisfaction of TIGE.

**Section 9.02** Right of PRCD. PRCD shall have the right to abandon or terminate the Merger at any time for any reason or no reason at the discretion of PRCD, in its sole and absolute discretion, or if: (i) any of the representations and warranties made in this Agreement by TIGE shall not be materially true and correct, when made or at any time prior to Effective Time as if made at and as of such time; (ii) any of the conditions set forth in this Agreement have not been fulfilled in all material respects by TIGE or Holdings by the Closing Date; (iii) TIGE shall have failed to observe or perform any of its material obligations under this Agreement; or (iv) as otherwise set forth herein.

**Section 9.03** Effect of Abandonment. If the Merger is abandoned or terminated as provided for in Article VI, this Agreement shall forthwith become wholly void and of no further force or effect without liability on the part of either party to this Agreement or on the part of any officer, director, controlling person (if any), employee, counsel, agent, or stockholder thereof. In furtherance and not in limitation of the foregoing, upon the termination of this Agreement, no Party shall have any obligation under Article VIII or otherwise under this Agreement.

## X. MISCELLANEOUS

**Section 10.01** Further Actions. At any time and from time to time, each party agrees to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Agreement.

**Section 10.02** Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be: (i) in writing; and (ii) shall be given by hand delivery, overnight delivery or certified mail; (iii) be deemed given or delivered: (a) the date received or delivery was attempted and proper notice of such attempt was provided (notice being conclusively proper if provided in accordance with the rules for service of process), if given by hand delivery; (b) the date received or delivery was attempted by the a nationally recognized overnight courier, if given by overnight delivery; or (c) the date received or delivery was attempted by the U.S. Post Office, if given by certified mail. The address for the notices shall be as from time to time specified by each of the parties to this Agreement to each of the other parties by notice.

**Section 10.03** Availability of Equitable Remedies. Since a breach of the provisions of this Agreement could not adequately be compensated by money damages, any party shall be entitled, either before or after the Effective Time, in addition to any other right or remedy available to it, to an injunction restraining such breach or threatened breach and to specific performance of any such provision of this Agreement, and, in either case, no bond or other security shall be required in connection therewith, and the parties hereby consent to the issuance of such an injunction and to the ordering of specific performance.

**Section 10.04** Modification. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all existing agreements among them concerning such subject matter. This Agreement shall only be modified by the written agreement of all parties.

**Section 10.05** Waiver. Any waiver by any party of a breach of any term of this Agreement shall not operate as or be construed to be a waiver of any other breach of that term or of any breach of any other term of this Agreement. The failure of a party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing and be authorized by a resolution of the Board of Directors or by an officer of the waiving party.

**Section 10.06** Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**Section 10.07** No Third-Party Beneficiaries. Except as otherwise expressly provided in this Agreement, this Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement.

**Section 10.08** Headings. The headings in this Agreement are solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

**Section 10.09** Governing Law.

(a) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Colorado. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be, except to the extent otherwise required by applicable law, commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any provision of this Agreement), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding.

(b) Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

(c) If one or more parties shall commence an action, suit or proceeding to enforce any provision of this Agreement, the prevailing party or parties in such action, suit or proceeding shall be reimbursed by the other party or parties to such action, suit or proceeding for the reasonable attorneys' fees and other costs and expenses incurred by the prevailing party or parties with the investigation, preparation and prosecution of such action, suit or proceeding.

**Section 10.10** WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

**Section 10.11** Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

**Section 10.12** Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, this Agreement has been executed by duly authorized officers of each of the parties hereto as of the date first above written.

**PRICED IN CORP.**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**PRICED IN CORP. SUBSIDIARY**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**TIGRENT INC.**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

**LEGACY EDUCATION ALLIANCE HOLDINGS,  
INC.**

**By:** \_\_\_\_\_  
**Name:**  
**Title:**

Annex A

Defined Term	Section	Defined Term	Section
ADR Procedure	8.03(d)	Response	8.03(c)
ADR Service	8.03(d)	SEC	7.01(l)
Agreed Amount	8.03(c)	shell company	3.06
Agreement	Preamble	Stock Split	3.01(b)
CCAA	Introduction	Stockholder Representative	8.03(e)
Claimed Amount	8.03(b)	Super 8-K	2.1
Claims Notice	8.03(b)	Surviving Entity	1.01
Closing Date	6.01	TIGE Certificate	5.01(j)
Closing	6.01	TIGE Disclosure Schedule	Art. II
Controlling Party	8.03(a)	TIGE Financial Statements	2.07
Damages Threshold	8.05	TIGE	Preamble
Damages	8.03(a)		
Dispute	8.03(c)		
Effective Date Stockholders	8.03(e)		
Effective Price Per Share	4.01(b)		
Effective Time PRCD Bylaws	5.01(b)		
Effective Time PRCD Charter	5.01(a)		
Effective Time	6.02		
Exchange Act Reports	7.01(l)		
Exchange Agent	4.01(b)		
Exchange Ratio	4.01(a)		
Expected Claim Notice	8.04		
GAAP	2.07		
Holdings Common Stock	4.01(a)		
Holdings	Preamble		
Indemnatee	8.03(a)		
Indemnitor	8.03(a)		
Intellectual Property Rights	2.09		
Intellectual Property	2.09		
Material Adverse Effect	2.01		
Merger Closing Warrants	4.02		
Merger Shares	4.01(a)		
Merger	Introduction		
New Certificates	4.01(b)		
Non-Controlling Party	8.03(a)		
NRS	3.02		
Old Certificates	4.01(b)		
OTCQB	3.01		
PRCD Certificate	5.01(k)		
PRCD Common Stock	4.01(a)		
PRCD Disclosure Schedule	Art. III		
PRCD Financial Statements	3.09		
PRCD Sub	Preamble		
PRCD	Preamble		
Release Time	7.01(a)		

**BYLAWS**  
**OF**  
**LEGACY EDUCATION ALLIANCE, INC.**

A Nevada Corporation

**ARTICLE I**  
**STOCKHOLDERS**

Section 1

Annual Meeting. Annual meetings of the stockholders of the Corporation shall be held on the day and at the time as may be set by the Board of Directors of the Corporation (the "Board of Directors") from time to time, at which annual meeting the Stockholders shall elect by vote a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 2

Special Meetings. Special meetings of the Stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or the Secretary by resolution of the Board of Directors or at the request in writing of the Stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the proposed meeting.

Section 3

Place of Meetings. All annual meetings of the Stockholders shall be held at the registered office of the Corporation or at such other place within or outside the State of Nevada as the Board of Directors shall determine. Special meetings of the Stockholders may be held at such time and place within or outside the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 4

Quorum; Adjourned Meetings. Shareholders holding at least ten percent (10%) of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the Stockholders, the Stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

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Section 5

Voting. Each Stockholder of record holding stock which is entitled to vote at a meeting shall be entitled at each meeting of the Stockholders to one vote for each share of stock standing in their name on the books of the Corporation. Upon the demand of any Stockholder, the vote for members of the Board of Directors and the vote upon any question before the meeting shall be by ballot.

When a quorum is present or represented at any meeting, the vote of the Stockholders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to elect members of the Board of Directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 6

Proxies. At any meeting of the Stockholders, any Stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the Stockholders unless it shall have been filed with the secretary of the meeting. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding officer of the meeting.

Section 7

Action - Without Meeting. Any action which may be taken by the vote of the Stockholders at a meeting may be taken without a meeting if authorized by the written consent of the Stockholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation require a greater proportion of voting power to authorize such action in which case such greater proportion of written consents shall be required.

**ARTICLE II**

**DIRECTORS**

Section 1

Management of Corporation. The business of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Stockholders.

Section 2

Number, Tenure, and Qualifications. The number of directors which shall constitute the whole Board of Directors shall be at least one. The number of directors may from time to time be increased or decreased by resolution of the Board of Directors to not less than one nor more than fifteen. The Board of Directors shall be elected at the annual meeting of the Stockholders and except as provided in Section 2 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be Stockholders.

### Section 3

Vacancies. Vacancies in the Board of Directors including those caused by an increase in the number of directors, may be filled by a majority of the remaining Board of Directors, though not less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the Stockholders. The holders of two-thirds of the outstanding shares of stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the members of the Board of Directors by vote at a meeting called for such purpose or by a written statement filed with the secretary or, in his absence, with any other officer. Such removal shall be effective immediately, even if successors are not elected simultaneously.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any directors, or if the authorized number of directors be increased, or if the Stockholders fail at any annual or special meeting of the Stockholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board of Directors or the Stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

### Section 4

Annual and Regular Meetings. Regular meetings of the Board of Directors shall be held at any place within or outside the State which has been designated from time to time by resolution of the Board of Directors or by written consent of all members of the Board of Directors. In the absence of such designation, regular meetings shall be held at the head office of the Corporation. Special meetings of the Board of Directors may be held either at a place so designated or at the head office.

Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by the Board of Directors.

### Section 5

First Meeting. The first meeting of each newly elected Board of Directors shall be held immediately following the adjournment of the meeting of the Stockholders and at the place thereof. No notice of such meeting shall be necessary to the Board of Directors in order to legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

### Section 6

Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the President or by any Vice President or by any two directors.

Written notice of the time and place of special meetings shall be delivered personally to each director, or sent to each director by mail, facsimile transmission, electronic mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or if such address is not readily ascertainable, at the place in which the meetings of the Board of Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least five (5) days prior to the time of the holding of the meeting. In case such notice is hand delivered, faxed or emailed as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, faxing, emailing or delivery as above provided shall be due, legal and personal notice to such director.

Section 7

Business of Meetings. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though held at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8

Quorum. Adjourned Meetings. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board of Directors shall be as valid and effective in all respects as if passed by the Board of Directors in regular meeting.

A quorum of the Board of Directors may adjourn any meeting of the Board of Directors to meet again at a stated day and hour-provided, however, that in the absence of a quorum, a majority of the directors present at any meeting of the Board of Directors, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place be fixed at the meeting adjourned.

Section 9

Committees. The Board of Directors may, by resolution adopted by a majority of the Board of Directors, designate one or more committees of the Board of Directors, each committee to consist of at least one or more of the members of the Board of Directors which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

Section 10

Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

Section 11

Special Compensation. The directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

**ARTICLE III**

**NOTICES**

Section 1

Notice of Meetings. Notices of meetings of the Stockholders shall be in writing and signed by the President or a Vice President or the Secretary or an Assistant Secretary or by such other person or persons as the Board of Directors shall designate. Such notice shall state the purpose or purposes for which the meeting of the Stockholders is called and the time and the place, which may be within or without this State, where it is to be held. A copy of such notice shall be delivered personally to, sent by facsimile transmission or electronic mail or shall be mailed, postage prepaid, to each Stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a Stockholder at his address as it appears upon the records of the Corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such Stockholder. Personal delivery of any such notice to any officer of a Corporation or association, or to any member of a partnership shall constitute delivery of such notice to such Corporation, association or partnership. In the event of the transfer of stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

Section 2

Effect of Irregularly Called Meetings. Whenever all parties entitled to vote at any meeting, whether of the Board of Directors or the Stockholders, consent, either by a writing on the records of the meeting or filed with the Secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if they had been approved at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting, and such consent or approval of the Stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

Section 3

Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4

Required Notice of Shareholder Business and Director Nominations.

(A) The proposal of business to be considered by the Stockholders and nominations of persons for election to the board of directors at an annual or special meeting of the Stockholders may be made only (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the board of directors, or (c) by any Stockholder of the corporation (i) who was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the corporation) both at the time of giving of notice provided for in this Section 4 and on the record date for the determination of Stockholders entitled to vote at the meeting, (ii) who is entitled to vote at the meeting upon such election of directors or such business, as the case may be, and (iii) who complies with the notice procedures set forth in Sections 4(b) and 4(c). This Section 4 shall be the exclusive means for Stockholders to make nominations or submit business to be brought before an annual or special meeting of the Stockholders. In addition, for business (other than the nomination of persons for election to the board of directors) to be properly brought before an annual or special meeting by a Stockholder, such business must be a proper matter for Stockholder action pursuant to the Articles of Incorporation of the corporation (the "Articles of Incorporation"), these Bylaws and applicable law.

(B) For nominations or other business to be properly brought before an annual meeting by a Stockholder pursuant to clause (iii) of paragraph (a) of this Section 4, the Stockholder must have given timely notice thereof in writing to the secretary of the corporation at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the first anniversary of the date on which the corporation first mailed its proxy materials for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from the anniversary date of the previous year's meeting, notice by the Stockholder to be timely must be so delivered not earlier than one hundred and twenty (120) days prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. For any business to be brought before a special meeting of Stockholders, notice by the Stockholder to be timely must be delivered prior to the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a Stockholder's notice. Notwithstanding anything in this paragraph to the contrary, if the number of directors to be elected to the board of directors of the corporation at an annual meeting is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased board of directors at least one hundred (100) calendar days prior to the anniversary of the mailing of proxy materials for the prior year's annual meeting of Stockholders, then a Stockholder's notice required by this Section 4 shall be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary of the corporation not later than the close of business on the tenth (10th) calendar day following the day on which such public announcement is first made by the corporation.

(C) Such Stockholder's notice also shall set forth (i) as to each person whom the Stockholder proposes to nominate for election or re-election as a director all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would otherwise be required to be disclosed, in each case assuming Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), were applicable to proxies solicited for the meeting, such information to include such person's written consent to serve as a director if elected; (ii) as to any other business that the Stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of any resolution proposed to be adopted at the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such Stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the Stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, all information that would be required to be disclosed in Items 2, 4, 5 and 6 of Schedule 13D under the Exchange Act, assuming such Stockholder and beneficial owner had become obligated to file a Schedule 13D after the acquisition of beneficial ownership of securities of the corporation.

(D) (i) Only such persons who are nominated in accordance with the procedures set forth in this Section 4 shall be eligible for election to serve as directors and only such business shall be conducted at a meeting of Stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 4. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded. The chairman of the meeting of Stockholders shall, if the facts warrant, determine and declare to the meeting that any nomination or business was not properly brought before the meeting and in accordance with the provisions of these Bylaws, and if he or she should so determine, the chairman shall so declare to the meeting, and any such nomination or business not properly brought before the meeting shall not be transacted.

(ii) Whenever used in these Bylaws, "public announcement" shall mean disclosure (a) in a press release issued by the corporation, provided such press release is issued by the corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service, or is generally available on internet news sites, or (b) in a notice communicated generally to Stockholders of the corporation by mail or by electronic transmission. Any press release shall be effective as a public announcement when issued, and any notice that is mailed shall be effective as a public announcement when it would be effective as a notice as specified in NRS 75.150.

(iii) Nothing in these Bylaws shall be deemed to affect any rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances.

## ARTICLE IV

### OFFICERS

#### Section 1

Election. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer, none of whom need be directors of the Corporation. Any person may hold two or more offices. The Board of Directors may appoint a Chairman of the Board of Directors, Vice Chairman of the Board of Directors, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

#### Section 2

Chairman of the Board. The Chairman of the Board of Directors may preside at meetings of the Stockholders and the Board of Directors, and may see that all orders and resolutions of the Board of Directors are carried into effect.

#### Section 3

Vice Chairman of the Board. The Vice Chairman of the Board of Directors may, in the absence or disability of the Chairman of the Board of Directors, perform the duties and exercise the powers of the Chairman of the Board of Directors and may perform such other duties as the Board of Directors may from time to time prescribe.

#### Section 4

President. The President may be the Chief Executive Officer of the Corporation and may have active management of the business of the Corporation.

#### Section 5

Vice President. The Vice President may act under the direction of the President and in the absence or disability of the President may perform the duties and exercise the powers of the President. The Vice President may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice Presidents or may otherwise specify the order of seniority of the Vice Presidents. The duties and powers of the President may descend to the Vice Presidents in such specified order of seniority.

Section 6

Secretary. The Secretary may act under the direction of the President. Subject to the direction of the President, the Secretary may attend all meetings of the Board of Directors and all meetings of the Stockholders and record the proceedings. The Secretary may perform like duties for the standing committees when required. The Secretary may give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board of Directors, and may perform such other duties as may be prescribed by the President or the Board of Directors.

Section 7

Assistant Secretaries. The Assistant Secretaries may act under the direction of the President. In order of their seniority, unless otherwise determined by the President or the Board of Directors, they may, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 8

Treasurer. The Treasurer may act under the direction of the President. Subject to the direction of the President, the Treasurer may have custody of the corporate funds and securities and may keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and may deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer may disburse the funds of the Corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and may render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer may give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the Treasurer's office and for the restoration to the Corporation, in case of Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9

Assistant Treasurers. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the President or the Board of Directors, may, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 10

Compensation. The salaries and compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 11

Removal; Resignation. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

**ARTICLE V**

**CAPITAL STOCK**

Section 1

Certificates. Every Stockholder shall be entitled to have a certificate signed by the President or Secretary of the Corporation, certifying the number of shares owned by such Stockholder in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate, which the Corporation shall issue to represent such stock.

If a certificate is signed (1) by a transfer agent other than the Corporation or its employees or (2) by a registrar other than the Corporation or its employees, the signatures of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to certificates of stock.

Section 2

Surrendered, Lost or Destroyed Certificates. The Board of Directors may direct a certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 3

Replacement Certificates. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it is satisfied that all provisions of the laws and regulations applicable to the Corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4

Record Date. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of the Stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of the Stockholders for any purpose, as a record date for the determination of the Stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such Stockholders, and only such Stockholders as shall be Stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 5

Registered Owner. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

**ARTICLE VI**

**GENERAL PROVISIONS**

Section 1

Registered Office. The registered office of this Corporation shall be in the State of Nevada.

The Corporation may also have offices at such other places both within and outside the State of Nevada as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 2

Distributions. Distributions upon capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Articles of Incorporation.

Section 3

Reserves. Before payment of any distribution, there may be set aside out of any funds of the Corporation available for distributions such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing distributions or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

Section 4

Checks; Notes. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5

Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6

Corporate Seal. The Corporation may or may not have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the Corporation and the words "Corporate Seal" and "Nevada". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 7

Acquisition of Controlling Interest. The Corporation elects not to be governed by NRS 78.378 to 78.3793, inclusive.

Section 8

Combinations with Interest Stockholders. The Corporation elects not to be governed by NRS 78.411 to 78.444, inclusive.

Section 9

Venue for Certain Litigation. To the fullest extent not prohibited by applicable law, each stockholder that commences any case or litigation or any arbitration against the Corporation in their capacity as a stockholder and with respect to their rights as a stockholder, the venue for such case or litigation or any arbitration shall be any court of competent jurisdiction (or arbitration panel) within the State of Florida, the County of Lee or, if such venue is not permitted, any court of competent jurisdiction within the Consolidated Municipality of Carson City, Nevada.

Section 10

Certain Costs and Expenses to be Paid by Stockholders that Commence an Action. To the fullest extent not prohibited by applicable law, if a stockholder brings any case or litigation or arbitration against the Corporation in their capacity as a stockholder and with respect to their rights as a stockholder, and such stockholder does not prevail in such case or litigation or any arbitration, then the stockholder shall be required to pay to the Corporation all costs, expenses and fees incurred by the Corporation in such case or litigation or arbitration, including appeals, including without limitation, a reasonable allocation of costs and expenses of employees and agents of the Corporation.

## ARTICLE VII

### INDEMNIFICATION

Section 1

Indemnification of Officers and Directors, Employees and Other Persons. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a director or officer of the Corporation or is or was serving at the request of the Corporation or for its benefit as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the Nevada Revised Statutes from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

Section 2

Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3

Further Bylaws. The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the Nevada Revised Statutes.

**ARTICLE VIII**

**AMENDMENTS**

Section 1

Amendments by Board of Directors. The Board of Directors, by a majority vote of the Board of Directors at any meeting may amend these Bylaws, including Bylaws adopted by the Stockholders, but the Stockholders may from time to time specify particular provisions of the Bylaws, which shall not be amended by the Board of Directors.

**SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION  
OF  
LEGACY EDUCATION ALLIANCE, INC.**

Legacy Education Alliance Inc., a Nevada corporation (the "Corporation"), does hereby certify as follows:

**FIRST:** The name of the Corporation is Legacy Education Alliance, Inc. The original articles of incorporation of the Corporation were filed with the Secretary of State of the State of Nevada on November 23, 2010 and were amended on April 24, 2012 and were further amended on September 30, 2014

**SECOND:** In an action taken by written consent by the Board of Directors of the Corporation, a resolution was duly adopted, subject to stockholders approval, to amend and restate the Articles of Incorporation of the Corporation. The stockholders duly approved and adopted these First Amended and Restated Articles of Incorporation by written consent in accordance with the laws of the state of Nevada.

**THIRD:** The Articles of Incorporation of the Corporation, as amended, are hereby amended and restated in their entirety to read follows:

**ARTICLE I  
NAME OF CORPORATION**

The name of the corporation is Legacy Education Alliance Inc.

**ARTICLE II  
REGISTERED AGENT FOR SERVICE OF PROCESS**

The Corporation's commercial registered agent is InCorp Services, Inc.

**ARTICLE III  
PURPOSE**

The purpose of the Corporation is to engage in any legal purpose and to do all other things incidental thereto.

**ARTICLE IV  
AUTHORIZED STOCK**

Section 1. Authorized Stock. The total number of shares of capital stock which may be issued by the Corporation is two hundred twenty million (220,000,000), of which:

- (i) Two Hundred Million (200,000,000) shall be common stock, par value of \$.0001 per share (the "Common Stock"); and

(ii) Twenty Million (20,000,000) shall be preferred stock, par value of \$.0001 per share (the "Preferred Stock").

Section 2. Common Stock. Each share of Common Stock shall entitle the holder thereof to one (1) vote on any matter submitted vote at a meeting of the stockholders.

Section 3. Preferred Stock. The Board of Directors is authorized, subject to limitations prescribed by law, to fix by resolution or resolutions the designations, powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, including without limitation authority to fix by resolution or resolutions the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), redemption price or prices, and liquidation preferences of any such series, and the number of shares constituting any such series and the designation thereof, or any of the foregoing.

FOURTH: The vote by which the stockholders holding shares in the Corporation entitling them to exercise at least a majority of voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation, have voted in favor of the amendments is as follows:

<b>Numbers of Shares Outstanding</b>	<b>Number of Shares Voting in Favor of Amendments</b>
12,750,000 shares of Common Stock	9,500,000 shares of Common Stock

[The next page is the signature page]

The undersigned authorized officer of the Corporation has executed these Second Amended and Restated Articles of Incorporation, certifying that the facts herein stated are true, this 10<sup>th</sup> day of November, 2014.

/s/ Jay Lasky

Jay Lasky  
President

**BYLAWS**  
**OF**  
**LEGACY EDUCATION ALLIANCE, INC.**

A Nevada Corporation

**ARTICLE I**

**STOCKHOLDERS**

Section 1

Annual Meeting. Annual meetings of the stockholders of the Corporation shall be held on the day and at the time as may be set by the Board of Directors of the Corporation (the "Board of Directors") from time to time, at which annual meeting the Stockholders shall elect by vote a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 2

Special Meetings. Special meetings of the Stockholders for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be called by the President or the Secretary by resolution of the Board of Directors or at the request in writing of the Stockholders owning a majority in amount of the entire capital stock of the Corporation issued and outstanding and entitled to vote. Such request shall state the purpose of the proposed meeting.

Section 3

Place of Meetings. All annual meetings of the Stockholders shall be held at the registered office of the Corporation or at such other place within or outside the State of Nevada as the Board of Directors shall determine. Special meetings of the Stockholders may be held at such time and place within or outside the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 4

Quorum; Adjourned Meetings. Shareholders holding at least ten percent (10%) of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the Stockholders, the Stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

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Section 5

Voting. Each Stockholder of record holding stock which is entitled to vote at a meeting shall be entitled at each meeting of the Stockholders to one vote for each share of stock standing in their name on the books of the Corporation. Upon the demand of any Stockholder, the vote for members of the Board of Directors and the vote upon any question before the meeting shall be by ballot.

When a quorum is present or represented at any meeting, the vote of the Stockholders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to elect members of the Board of Directors or to decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 6

Proxies. At any meeting of the Stockholders, any Stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No proxy or power of attorney to vote shall be used to vote at a meeting of the Stockholders unless it shall have been filed with the secretary of the meeting. All questions regarding the qualification of voters, the validity of proxies and the acceptance or rejection of votes shall be decided by the inspectors of election who shall be appointed by the Board of Directors, or if not so appointed, then by the presiding officer of the meeting.

Section 7

Action - Without Meeting. Any action which may be taken by the vote of the Stockholders at a meeting may be taken without a meeting if authorized by the written consent of the Stockholders holding at least a majority of the voting power, unless the provisions of the statutes or of the Articles of Incorporation require a greater proportion of voting power to authorize such action in which case such greater proportion of written consents shall be required.

**ARTICLE II**

**DIRECTORS**

Section 1

Management of Corporation. The business of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the Stockholders.

Section 2

Number, Tenure, and Qualifications. The number of directors which shall constitute the whole Board of Directors shall be at least one. The number of directors may from time to time be increased or decreased by resolution of the Board of Directors to not less than one nor more than fifteen. The Board of Directors shall be elected at the annual meeting of the Stockholders and except as provided in Section 2 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be Stockholders.

### Section 3

Vacancies. Vacancies in the Board of Directors including those caused by an increase in the number of directors, may be filled by a majority of the remaining Board of Directors, though not less than a quorum, or by a sole remaining director, and each director so elected shall hold office until his successor is elected at an annual or a special meeting of the Stockholders. The holders of two-thirds of the outstanding shares of stock entitled to vote may at any time peremptorily terminate the term of office of all or any of the members of the Board of Directors by vote at a meeting called for such purpose or by a written statement filed with the secretary or, in his absence, with any other officer. Such removal shall be effective immediately, even if successors are not elected simultaneously.

A vacancy or vacancies in the Board of Directors shall be deemed to exist in case of the death, resignation or removal of any directors, or if the authorized number of directors be increased, or if the Stockholders fail at any annual or special meeting of the Stockholders at which any director or directors are elected to elect the full authorized number of directors to be voted for at that meeting.

If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board of Directors or the Stockholders shall have power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

### Section 4

Annual and Regular Meetings. Regular meetings of the Board of Directors shall be held at any place within or outside the State which has been designated from time to time by resolution of the Board of Directors or by written consent of all members of the Board of Directors. In the absence of such designation, regular meetings shall be held at the head office of the Corporation. Special meetings of the Board of Directors may be held either at a place so designated or at the head office.

Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as shall from time to time be fixed and determined by the Board of Directors.

### Section 5

First Meeting. The first meeting of each newly elected Board of Directors shall be held immediately following the adjournment of the meeting of the Stockholders and at the place thereof. No notice of such meeting shall be necessary to the Board of Directors in order to legally to constitute the meeting, provided a quorum be present. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors.

### Section 6

Special Meetings. Special meetings of the Board of Directors may be called by the Chairman or the President or by any Vice President or by any two directors.

Written notice of the time and place of special meetings shall be delivered personally to each director, or sent to each director by mail, facsimile transmission, electronic mail or by other form of written communication, charges prepaid, addressed to him at his address as it is shown upon the records or if such address is not readily ascertainable, at the place in which the meetings of the Board of Directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least five (5) days prior to the time of the holding of the meeting. In case such notice is hand delivered, faxed or emailed as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, faxing, emailing or delivery as above provided shall be due, legal and personal notice to such director.

Section 7

Business of Meetings. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though held at a meeting duly held after regular call and notice, if a quorum be present, and if, either before or after the meeting, each of the directors not present signs a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8

Quorum. Adjourned Meetings. A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation. Any action of a majority, although not at a regularly called meeting, and the record thereof, if assented to in writing by all of the other members of the Board of Directors shall be as valid and effective in all respects as if passed by the Board of Directors in regular meeting.

A quorum of the Board of Directors may adjourn any meeting of the Board of Directors to meet again at a stated day and hour-provided, however, that in the absence of a quorum, a majority of the directors present at any meeting of the Board of Directors, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

Notice of the time and place of holding an adjourned meeting need not be given to the absent directors if the time and place be fixed at the meeting adjourned.

Section 9

Committees. The Board of Directors may, by resolution adopted by a majority of the Board of Directors, designate one or more committees of the Board of Directors, each committee to consist of at least one or more of the members of the Board of Directors which, to the extent provided in the resolution, shall have and may exercise the power of the Board of Directors in the management of the business and affairs of the Corporation and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by the Board of Directors. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. At meetings of such committees, a majority of the members or alternate members shall constitute a quorum for the transaction of business, and the act of a majority of the members or alternate members at any meeting at which there is a quorum shall be the act of the committee.

The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors.

Section 10

Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

Section 11

Special Compensation. The directors may be paid their expenses of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like reimbursement and compensation for attending committee meetings.

**ARTICLE III**

**NOTICES**

Section 1

Notice of Meetings. Notices of meetings of the Stockholders shall be in writing and signed by the President or a Vice President or the Secretary or an Assistant Secretary or by such other person or persons as the Board of Directors shall designate. Such notice shall state the purpose or purposes for which the meeting of the Stockholders is called and the time and the place, which may be within or without this State, where it is to be held. A copy of such notice shall be delivered personally to, sent by facsimile transmission or electronic mail or shall be mailed, postage prepaid, to each Stockholder of record entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before such meeting. If mailed, it shall be directed to a Stockholder at his address as it appears upon the records of the Corporation and upon such mailing of any such notice, the service thereof shall be complete and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such Stockholder. Personal delivery of any such notice to any officer of a Corporation or association, or to any member of a partnership shall constitute delivery of such notice to such Corporation, association or partnership. In the event of the transfer of stock after delivery of such notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

Section 2

Effect of Irregularly Called Meetings. Whenever all parties entitled to vote at any meeting, whether of the Board of Directors or the Stockholders, consent, either by a writing on the records of the meeting or filed with the Secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the deliberations at such meeting without objection, the doings of such meeting shall be as valid as if they had been approved at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meeting, and such consent or approval of the Stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

Section 3

Waiver of Notice. Whenever any notice is required to be given under the provisions of the statutes, of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4

Required Notice of Shareholder Business and Director Nominations.

(A) The proposal of business to be considered by the Stockholders and nominations of persons for election to the board of directors at an annual or special meeting of the Stockholders may be made only (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the board of directors, or (c) by any Stockholder of the corporation (i) who was a Stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the corporation) both at the time of giving of notice provided for in this Section 4 and on the record date for the determination of Stockholders entitled to vote at the meeting, (ii) who is entitled to vote at the meeting upon such election of directors or such business, as the case may be, and (iii) who complies with the notice procedures set forth in Sections 4(b) and 4(c). This Section 4 shall be the exclusive means for Stockholders to make nominations or submit business to be brought before an annual or special meeting of the Stockholders. In addition, for business (other than the nomination of persons for election to the board of directors) to be properly brought before an annual or special meeting by a Stockholder, such business must be a proper matter for Stockholder action pursuant to the Articles of Incorporation of the corporation (the "Articles of Incorporation"), these Bylaws and applicable law.

(B) For nominations or other business to be properly brought before an annual meeting by a Stockholder pursuant to clause (iii) of paragraph (a) of this Section 4, the Stockholder must have given timely notice thereof in writing to the secretary of the corporation at the principal executive offices of the corporation not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the first anniversary of the date on which the corporation first mailed its proxy materials for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is changed by more than thirty (30) days from the anniversary date of the previous year's meeting, notice by the Stockholder to be timely must be so delivered not earlier than one hundred and twenty (120) days prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. For any business to be brought before a special meeting of Stockholders, notice by the Stockholder to be timely must be delivered prior to the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. Public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a Stockholder's notice. Notwithstanding anything in this paragraph to the contrary, if the number of directors to be elected to the board of directors of the corporation at an annual meeting is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased board of directors at least one hundred (100) calendar days prior to the anniversary of the mailing of proxy materials for the prior year's annual meeting of Stockholders, then a Stockholder's notice required by this Section 4 shall be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the Secretary of the corporation not later than the close of business on the tenth (10th) calendar day following the day on which such public announcement is first made by the corporation.

(C) Such Stockholder's notice also shall set forth (i) as to each person whom the Stockholder proposes to nominate for election or re-election as a director all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would otherwise be required to be disclosed, in each case assuming Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), were applicable to proxies solicited for the meeting, such information to include such person's written consent to serve as a director if elected; (ii) as to any other business that the Stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of any resolution proposed to be adopted at the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such Stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the Stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, all information that would be required to be disclosed in Items 2, 4, 5 and 6 of Schedule 13D under the Exchange Act, assuming such Stockholder and beneficial owner had become obligated to file a Schedule 13D after the acquisition of beneficial ownership of securities of the corporation.

(D) (i) Only such persons who are nominated in accordance with the procedures set forth in this Section 4 shall be eligible for election to serve as directors and only such business shall be conducted at a meeting of Stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 4. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall be disregarded. The chairman of the meeting of Stockholders shall, if the facts warrant, determine and declare to the meeting that any nomination or business was not properly brought before the meeting and in accordance with the provisions of these Bylaws, and if he or she should so determine, the chairman shall so declare to the meeting, and any such nomination or business not properly brought before the meeting shall not be transacted.

(ii) Whenever used in these Bylaws, "public announcement" shall mean disclosure (a) in a press release issued by the corporation, provided such press release is issued by the corporation following its customary procedures, is reported by the Dow Jones News Service, Associated Press, Business Wire or comparable national news service, or is generally available on internet news sites, or (b) in a notice communicated generally to Stockholders of the corporation by mail or by electronic transmission. Any press release shall be effective as a public announcement when issued, and any notice that is mailed shall be effective as a public announcement when it would be effective as a notice as specified in NRS 75.150.

(iii) Nothing in these Bylaws shall be deemed to affect any rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances.

## ARTICLE IV

### OFFICERS

#### Section 1

Election. The officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Secretary and a Treasurer, none of whom need be directors of the Corporation. Any person may hold two or more offices. The Board of Directors may appoint a Chairman of the Board of Directors, Vice Chairman of the Board of Directors, one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries.

#### Section 2

Chairman of the Board. The Chairman of the Board of Directors may preside at meetings of the Stockholders and the Board of Directors, and may see that all orders and resolutions of the Board of Directors are carried into effect.

#### Section 3

Vice Chairman of the Board. The Vice Chairman of the Board of Directors may, in the absence or disability of the Chairman of the Board of Directors, perform the duties and exercise the powers of the Chairman of the Board of Directors and may perform such other duties as the Board of Directors may from time to time prescribe.

#### Section 4

President. The President may be the Chief Executive Officer of the Corporation and may have active management of the business of the Corporation.

#### Section 5

Vice President. The Vice President may act under the direction of the President and in the absence or disability of the President may perform the duties and exercise the powers of the President. The Vice President may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe. The Board of Directors may designate one or more Executive Vice Presidents or may otherwise specify the order of seniority of the Vice Presidents. The duties and powers of the President may descend to the Vice Presidents in such specified order of seniority.

Section 6

Secretary. The Secretary may act under the direction of the President. Subject to the direction of the President, the Secretary may attend all meetings of the Board of Directors and all meetings of the Stockholders and record the proceedings. The Secretary may perform like duties for the standing committees when required. The Secretary may give, or cause to be given, notice of all meetings of the Stockholders and special meetings of the Board of Directors, and may perform such other duties as may be prescribed by the President or the Board of Directors.

Section 7

Assistant Secretaries. The Assistant Secretaries may act under the direction of the President. In order of their seniority, unless otherwise determined by the President or the Board of Directors, they may, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 8

Treasurer. The Treasurer may act under the direction of the President. Subject to the direction of the President, the Treasurer may have custody of the corporate funds and securities and may keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and may deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer may disburse the funds of the Corporation as may be ordered by the President or the Board of Directors, taking proper vouchers for such disbursements, and may render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all transactions as Treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the Treasurer may give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the Treasurer's office and for the restoration to the Corporation, in case of Treasurer's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the Treasurer's possession or under the Treasurer's control belonging to the Corporation.

Section 9

Assistant Treasurers. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the President or the Board of Directors, may, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They may perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 10

Compensation. The salaries and compensation of all officers of the Corporation shall be fixed by the Board of Directors.

Section 11

Removal; Resignation. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

**ARTICLE V**

**CAPITAL STOCK**

Section 1

Certificates. Every Stockholder shall be entitled to have a certificate signed by the President or Secretary of the Corporation, certifying the number of shares owned by such Stockholder in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, shall be set forth in full or summarized on the face or back of the certificate, which the Corporation shall issue to represent such stock.

If a certificate is signed (1) by a transfer agent other than the Corporation or its employees or (2) by a registrar other than the Corporation or its employees, the signatures of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall cease to be such officer before such certificate is issued, such certificate may be issued with the same effect as though the person had not ceased to be such officer. The seal of the Corporation, or a facsimile thereof, may, but need not be, affixed to certificates of stock.

Section 2

Surrendered, Lost or Destroyed Certificates. The Board of Directors may direct a certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

Section 3

Replacement Certificates. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it is satisfied that all provisions of the laws and regulations applicable to the Corporation regarding transfer and ownership of shares have been complied with, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4

Record Date. The Board of Directors may fix in advance a date not exceeding sixty (60) days nor less than ten (10) days preceding the date of any meeting of the Stockholders, or the date for the payment of any distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining the consent of the Stockholders for any purpose, as a record date for the determination of the Stockholders entitled to notice of and to vote at any such meeting, and any adjournment thereof, or entitled to receive payment of any such distribution, or to give such consent, and in such case, such Stockholders, and only such Stockholders as shall be Stockholders of record on the date so fixed, shall be entitled to notice of and to vote at such meeting, or any adjournment thereof, or to receive payment of such distribution, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 5

Registered Owner. The Corporation shall be entitled to recognize the person registered on its books as the owner of shares to be the exclusive owner for all purposes including voting and distribution, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

**ARTICLE VI**

**GENERAL PROVISIONS**

Section 1

Registered Office. The registered office of this Corporation shall be in the State of Nevada.

The Corporation may also have offices at such other places both within and outside the State of Nevada as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 2

Distributions. Distributions upon capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property or in shares of capital stock, subject to the provisions of the Articles of Incorporation.

Section 3

Reserves. Before payment of any distribution, there may be set aside out of any funds of the Corporation available for distributions such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing distributions or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

Section 4

Checks; Notes. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5

Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6

Corporate Seal. The Corporation may or may not have a corporate seal, as may from time to time be determined by resolution of the Board of Directors. If a corporate seal is adopted, it shall have inscribed thereon the name of the Corporation and the words "Corporate Seal" and "Nevada". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 7

Acquisition of Controlling Interest. The Corporation elects not to be governed by NRS 78.378 to 78.3793, inclusive.

Section 8

Combinations with Interest Stockholders. The Corporation elects not to be governed by NRS 78.411 to 78.444, inclusive.

Section 9

Venue for Certain Litigation. To the fullest extent not prohibited by applicable law, each stockholder that commences any case or litigation or any arbitration against the Corporation in their capacity as a stockholder and with respect to their rights as a stockholder, the venue for such case or litigation or any arbitration shall be any court of competent jurisdiction (or arbitration panel) within the State of Florida, the County of Lee or, if such venue is not permitted, any court of competent jurisdiction within the Consolidated Municipality of Carson City, Nevada.

Section 10

Certain Costs and Expenses to be Paid by Stockholders that Commence an Action. To the fullest extent not prohibited by applicable law, if a stockholder brings any case or litigation or arbitration against the Corporation in their capacity as a stockholder and with respect to their rights as a stockholder, and such stockholder does not prevail in such case or litigation or any arbitration, then the stockholder shall be required to pay to the Corporation all costs, expenses and fees incurred by the Corporation in such case or litigation or arbitration, including appeals, including without limitation, a reasonable allocation of costs and expenses of employees and agents of the Corporation.

## ARTICLE VII

### INDEMNIFICATION

Section 1

Indemnification of Officers and Directors, Employees and Other Persons. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or a person of whom he is the legal representative is or was a director or officer of the Corporation or is or was serving at the request of the Corporation or for its benefit as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the Nevada Revised Statutes from time to time against all expenses, liability and loss (including attorneys' fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the Corporation. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article.

Section 2

Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

Section 3

Further Bylaws. The Board of Directors may from time to time adopt further Bylaws with respect to indemnification and may amend these and such Bylaws to provide at all times the fullest indemnification permitted by the Nevada Revised Statutes.

**ARTICLE VIII**

**AMENDMENTS**

Section 1

Amendments by Board of Directors. The Board of Directors, by a majority vote of the Board of Directors at any meeting may amend these Bylaws, including Bylaws adopted by the Stockholders, but the Stockholders may from time to time specify particular provisions of the Bylaws, which shall not be amended by the Board of Directors.

Certificate No. \_\_\_\_\_ For \_\_\_\_\_ Shares Issued to \_\_\_\_\_ Transferred from \_\_\_\_\_ / \_\_\_\_ / 20\_\_\_\_  
 Dated \_\_\_\_\_, 20\_\_\_\_ Receipt acknowledged \_\_\_\_\_  
No. Original Certificate    No. Original Shares    No. Of Shares Transferred

NUMBER ***	INCORPORATED UNDER THE LAWS OF <b>NEVADA</b>	SHARES ***
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## LEGACY EDUCATION ALLIANCE, INC.

Total Authorized Issue: 220,000,000 Shares  
 200,000,000 Common Shares, \$0.0001 par value per share  
 20,000,000 Preferred Shares, \$0.0001 par value per share

*This Certifies that* \_\_\_\_\_ **SPECIMEN** \_\_\_\_\_ *is the owner of*  
 \_\_\_\_\_ *fully paid*  
*and non-assessable Shares of the Capital Stock of the above named Corporation*  
*transferable only on the books of the Corporation by the holder hereof in person or*  
*by duly authorized Attorney upon surrender of this Certificate properly endorsed.*

*In Witness Whereof,* the said Corporation has caused this Certificate to be signed by its duly authorized officers  
 and its Corporate Seal to be hereunto affixed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

\_\_\_\_\_  
 TREASURER/SECRETARY

\_\_\_\_\_  
 PRESIDENT

**EXPLANATION OF ABBREVIATIONS**

The following abbreviations, when used in the inscription of ownership on the face of this certificate, shall be construed as if they were written out in full according to applicable laws or regulations. Abbreviations, in addition to those appearing below, may be used.

JT TEN	As joint tenants with right of survivorship and not as tenants in common	TEN ENT	As tenants by the entireties
TEN COM	As tenants in common	UNIF GIFT MIN ACT	Uniform Gifts to Minors Act
		CUST	Custodian for
		UNIF TRANS MIN ACT	Uniform Transfers to Minors Act

For Value Received, \_\_\_\_\_ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_ Shares represented by the within Certificate, and do hereby irrevocably constitute and appoint

\_\_\_\_\_ Attorney to transfer the said Shares on the books of the within named Corporation with full power of substitution in the premises.

Dated \_\_\_\_\_ 20\_\_

In presence of \_\_\_\_\_

NOTICE: THE SIGNATURE OF THIS ASSIGNEE MUST CORRESPOND WITH THE NAME AS ENTERED UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR. WITHOUT THIS PRECAUTION, THE SIGNATURE WILL BE DEEMED INVALID.



**BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT**

**TIGRENT INC.**

**as the Assignor**

**and**

**LEGACY EDUCATION ALLIANCE, INC.,**

**as the Assignee**

Dated: As of September 8, 2014

**BILL OF SALE AND ASSIGNMENT:**

TIGRENT INC., a Colorado corporation (the "Assignor"), for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, subject to the terms and provisions of this Bill of Sale, Assignment and Assumption Agreement (this "instrument") does hereby and with immediate effect grant, assign, sell, convey, transfer and deliver ("Transfer"), unto Legacy Education Alliance, Inc., a Colorado corporation, and its successors and assigns (the "Assignee") all of Assignor's right, title and interest in and to all of its assets, properties and rights of the Assignor of every type, character and description, whether real or personal, tangible or intangible, wherever situated in which the Assignor has any right, title or interest on and as of the date hereof, including without limitation all cash funds of the Assignor and all rights to receive cash funds after the date hereof OTHER THAN the assets and rights that are listed on Schedule I, attached hereto (collectively, the "Excluded Assets");

TO HAVE AND TO HOLD the same unto the Assignee, its successors and assigns, to and for its use forever. The assets, properties, and rights of the Assignor being Transferred to the Assignee hereunder are hereinafter referred to as the "Transferred Assets."

AND, for the consideration aforesaid, the Assignor hereby constitutes and appoints the Assignee, its successors and assigns, the true and lawful attorney or attorneys of the Assignor, with full power of substitution, in its name and stead or otherwise, to demand and receive from time to time any and all of the Transferred Assets hereby Transferred, and to give receipts and releases for and in respect of the same and any part thereof, and from time to time to institute and prosecute in the name of the Assignor or otherwise, but at the expense and for the benefit of the Assignee, its successors and assigns, any and all proceedings at law, in equity or otherwise which the Assignee, its successors and assigns, may deem proper in order to collect, assert, or enforce any claim, right or title of any kind in and to the Transferred Assets hereby Transferred, and to defend or compromise any and all actions, suits, or proceedings in respect of any of the Transferred Assets and to do all such acts and things in relation thereto as the Assignee, its successors or assigns, shall deem desirable; and the Assignor hereby declares that the appointment made and the powers hereby granted are coupled with an interest and are and shall be irrevocable by the Assignor in any manner or for any reason;

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AND, for the consideration aforesaid, the Assignor for itself and its successors and assigns has covenanted and by this instrument does covenant with the Assignee, its successors and assigns, that it, the Assignor, and its successors and assigns, will do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, transfers, assignments, conveyances, powers of attorney and assurances, for the better assuring, conveying and confirming unto the Assignee, its successors, and assigns, all and singular the entire right, title and interest in the Transferred Assets hereby Transferred as the Assignee, its successors, or assigns or any surviving corporation in a merger in which the Assignor is a constituent corporation, shall reasonably require. Without limiting the foregoing, the Assignor shall as promptly as possible Transfer to the Assignee all cash funds, accounts, instruments or other assets received after the date of this instrument which relate to services rendered or the conduct of business on or prior to the date of this Agreement or are in any way otherwise related to any of the Transferred Assets, and all cash funds shall be transferred or paid to the account or accounts from time to time designated by the Assignee or its successor or assign.

The Assignor agrees to execute, deliver and file such additional instruments and to take such other actions as the Assignee may reasonably request in order to effectuate the purposes hereof.

ASSUMPTION OF LIABILITIES:

The Assignee, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, subject to the terms and provisions of this instrument does hereby and with immediate effect assume and agree to perform and discharge fully and timely, and to pay fully and timely, in each case, subject to all defenses (in law and in equity), right to set off, credits and other discounts of the Assignor on the date of this instrument, the following: any and all obligations, debts, and liabilities of any kind of the Assignor, known or unknown, contingent or otherwise, accrued, accruing or becoming due prior to the date hereof. The obligations, debts, and liabilities being assumed by the Assignee include, without limitation, obligations, debts, and liabilities owed by the Assignor on account of, or pursuant to: promissory notes, settlement agreements, leases, joint venture agreements, customer contracts, supply contracts, trade debt and other payables, insurance policies, permits and licenses of any kind, commitments, arrangements, and contracts of any kind.

OTHER PROVISIONS:

This instrument and the covenants and agreements herein contained shall inure to the benefit of the Assignee, its successors and assigns, and any surviving corporation or other entity in a merger in which the Assignee is a constituent corporation, and shall be binding upon the Assignor, its successors and assigns and any surviving corporation or other entity in a merger in which the Assignor is a constituent corporation. All transfers and assumptions herein shall be deemed with effect on the date first written above.

This instrument and any and all related instruments of transfer or assignment delivered hereunder, if any, shall be governed by and interpreted in accordance with the laws of the State of New York applicable to contracts executed and wholly performed within such State.

This instrument may be executed in any number of counterparts, each of which shall be an original, and all of which shall together constitute one instrument.

IN WITNESS WHEREOF, each of the parties to this instrument has caused this instrument to be duly executed on its behalf by its duly authorized officer as of the date first written above.

THE ASSIGNOR:

TIGRENT INC.

By: /s/ Charles F. Kuhne  
Name: Charles F. Kuhne  
Title: Executive Vice President and  
Chief Financial Officer

THE ASSIGNEE:

LEGACY EDUCATION ALLIANCE, INC.

By: /s/ James E. May  
Name: James E. May  
Title: Chief Financial Officer General Counsel

**ACKNOWLEDGMENT**

STATE OF FLORIDA

ss.:

COUNTY OF: LEE

On 9/10/2014, before me personally came CHARLES F. KUEHNE, to me known, and known to me to be the individual who executed the foregoing instrument.



CONSTANCE M. SCHWARBERG  
NOTARY PUBLIC  
STATE OF FLORIDA  
COmm# EE 190175  
Expires 4/28/2016

/s/ Constance M. Schwarberg  
Notary Public

[Seal]

**ACKNOWLEDGMENT**

STATE OF FLORIDA

ss.:

COUNTY OF: LEE

On 9/10/2014, before me personally came JAMES E, MAY, to me known, and known to me to be the individual who executed the foregoing instrument.



CONSTANCE M. SCHWARBERG  
NOTARY PUBLIC  
STATE OF FLORIDA  
COmm# EE 190175  
Expires 4/28/2016

/s/ Constance M. Schwarberg  
Notary Public

[Seal]

Schedule I  
Excluded Assets

1. All shares of Assignee owned by Assignor.
2. All cash of Assignor.
3. All assets or rights whereby the transfer and assignment of such asset or right requires the consent, approval or authorization of a third party, until such date that such consent, approval or authorization is obtained; provided, that until such consent, approval or authorization is obtained, the Assignor shall license or otherwise arrange for all rights and benefits of Assignor to such Excluded Asset to be provided to the Assignee and such license or rights in any such other arrangement shall be a Transferred Asset under this instrument.

**INDEMNIFICATION AGREEMENT**

**THIS INDEMNIFICATION AGREEMENT** (this "Agreement") is made and entered into as of November 10, 2014 by and between Legacy Education Alliance, Inc., a Nevada corporation (the "Company"), and the undersigned individual ("Indemnitee").

## WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Amended and Restated Certificate of Incorporation of the Company (the "Certificate") and the By-laws of the Company (the "By-laws") require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to Nevada Revised Statutes ("NRS"). The Certificate, the By-laws and the NRS expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate and the By-laws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Certificate, the By-laws or insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director, or in any similar capacity, without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

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NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director of the Company after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent not prohibited by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of his Corporate Status (as hereinafter defined), Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), liability and loss (including judgments, fines, ERISA excise taxes or penalties, amounts paid or to be paid in settlement, and any interest, assessments, or other charges imposed on any such amounts, and any federal, state, local, or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement) (collectively, "Liabilities") actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the interests of the Company and with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful, it being acknowledged that any action taken by the Indemnitee upon the advice of counsel shall provide a rebuttable presumption that such action was not opposed to the interests of the Company or that Indemnitee had no reasonable cause to believe his conduct was unlawful.

(b) Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding if Indemnitee acted in good faith; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that a court of competent jurisdiction (the "Court") shall determine that such indemnification may be made.

(c) Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent not prohibited by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

(d) If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses and Liabilities, but not, however, for the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion thereof to which the Indemnitee is entitled.

2. Additional Indemnity.

(a) In addition to, and without regard to any limitations on, the indemnification provided for in Section 1, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including, without limitation, a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee.

(b) In addition to, and without regard to any limitations on, the indemnification provided for in Section 1, in the event that the Company provides rights to any person by reason of their Corporate Status or otherwise incurs a similar indemnification obligation to any individual or entity that provides any greater rights to such indemnified individual or entity than the rights provided to Indemnitee, then without any further action by any party to this Agreement, the Indemnitee shall be provided such greater rights.

(c) The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 or 2 is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless (i) such settlement provides for a full and final release of all claims asserted against Indemnitee, or (ii) the Indemnitee engaged in willful misconduct that violates applicable law or gross negligence, or (iii) the Indemnity consents to such settlement.

(b) Without diminishing or impairing the obligations of the Company set forth in Section 3(b), if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of expenses (including, without limitation, attorneys' fees and disbursements), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the Law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent not prohibited under law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status, including without limitation, any retainers or similar payments or deposits, within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the NRS and public policy of the State of Nevada. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a), a determination, if required by law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board: (1) by a majority vote of the Disinterested Directors, even though less than a quorum, (2) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (3), if there are no Disinterested Directors, or if the Disinterested Directors so direct, by Independent Legal Counsel (as defined below) in written advice to the Board, a copy of which shall be delivered to Indemnitee, or (4) if so directed by the Board, by the stockholders of the Company.

(c) If the determination of entitlement to indemnification is to be made by Independent Legal Counsel pursuant to Section 6(b), the Independent Legal Counsel shall be selected as provided in this Section 6(c). The Independent Legal Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Legal Counsel so selected does not meet the requirements of "Independent Legal Counsel" as defined in Section 13, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Legal Counsel. If a written objection is made and substantiated, the Independent Legal Counsel selected may not serve as Independent Legal Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a), no Independent Legal Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court or other court of competent jurisdiction for resolution of any objection which shall have been made by Indemnitee to the Company's selection of Independent Legal Counsel and/or for the appointment as Independent Legal Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Legal Counsel under Section 6(b). The Company shall pay any and all reasonable fees and expenses of Independent Legal Counsel incurred by such Independent Legal Counsel in connection with acting pursuant to Section 6(b), and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Legal Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including, without limitation, by its directors or Independent Legal Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including, without limitation, by its directors or Independent Legal Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including, without limitation, financial statements, or on information supplied to Indemnitee by the officers of the Enterprise (as hereinafter defined) in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under this Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including, without limitation, providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Legal Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including, without limitation, attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Nevada, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred and eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any court having jurisdiction over such proceeding that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Subrogation; No Presumption.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under law, the Certificate, the By-laws, any agreement, a vote of stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL or other law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate, the By-laws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as an agent of the Company and thereafter so long as the Indemnitee shall be subject to any possible proceeding by reason of the fact that the Indemnitee was an agent of the Company, the Company, subject to Section 8(c), shall promptly obtain and maintain (or enter into an arrangement with another person that provides the Indemnitee similar rights) in full force and effect directors' and officers' liability insurance ("*D&O Insurance*") in reasonable amounts, but in no event less than the amount that may be specified from time to time by the Company to the Indemnitee, from established and reputable insurers. In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors. In connection with any sale of the Company, including any merger, the Company shall use its reasonable commercial efforts to maintain an insurance policy for a reasonable period or "tail" after the closing date of such sale or merger.

(c) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Board determines in good faith, by a two-thirds (2/3) majority of its members, that the premium costs for such insurance are substantially disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a subsidiary of the Company. In making any determination to eliminate or reduce D&O Insurance coverage, the Board shall seek the advice of Independent Legal Counsel or other advisors experienced in the review and analysis of D&O Insurance coverage (or other applicable documentation).

(d) Upon reasonable request, the Company shall provide Indemnitee or his or her counsel with a copy of all D&O Insurance applications, binders, policies, declarations, endorsements and related materials.

(e) Promptly after (i) learning of facts and circumstances which may give rise to a proceeding, the Company shall notify its D&O Insurance carriers, if such notice is required by the applicable insurance policies, and any other insurance carrier providing applicable insurance coverage to the Company, of such facts and circumstances, or (ii) receiving notice of a proceeding, whether from Indemnitee, or otherwise, the Company shall give prompt notice to its D&O Insurance carriers, and any other insurance carriers providing applicable insurance coverage to the Company, in accordance with the requirements of the respective insurance policies. The Company shall, thereafter, take all appropriate action to cause such insurance carriers to pay on behalf of Indemnitee, all expenses incurred or to be incurred, and liability incurred, by Indemnitee with respect to such proceeding, in accordance with the terms of the applicable D&O Insurance policies.

(f) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(g) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(h) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

(i) For purposes of this Agreement, to the fullest extent permitted by law, the termination of any Proceeding, action, suit or claim, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise), plus three (3) years thereafter, and shall continue in all events thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7) by reason of his Corporate Status, not matter when instituted, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of the Company or any affiliate of the Company against the Indemnitee, the Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such period; provided, however, that if any shorter statute of limitations is otherwise applicable to any such cause of action, such shorter statute of limitations shall govern.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

13. Definitions. For purposes of this Agreement

(a) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company, a subsidiary of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company. For the avoidance of doubt, "Corporate Status" does not include the status of a person described in the foregoing sentence in his or her role as a representative of any stockholder of the Company.

(b) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "Enterprise" shall mean the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) “Expenses” shall include all attorneys’ fees, disbursements, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) “Independent Legal Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Legal Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Legal Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was an officer or director of the Company, by reason of any action taken by him or of any inaction on his part while acting as an officer or director of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, limited liability company, joint venture, trust or other Enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant Section 7 to enforce his rights under this Agreement.

14. Severability. The invalidity of unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by law. In the event any provision hereof conflicts with any law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if such address is so provided under this Section 17 and sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

- (a) To Indemnitee at the address set forth below Indemnitee signature hereto.
- (b) To the Company at:

Legacy Education Alliance, Inc.  
1612 E. Cape Coral Parkway  
Cape Coral, Florida 33904  
Attention: Chairman of the Board

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be; provided, that any notice providing such other address shall be effective only if such notice expressly references this Agreement and this Section 17.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Headings. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Honolulu, Hawaii if the Indemnitee commences the action or proceeding or the State of domicile of the Indemnitee if the Company commences the action or proceeding, in each case, before three arbitrators. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on the Award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration from a court of appropriate.

21. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Nevada, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that, subject to the provisions of Section 20, any action or proceeding arising out of or in connection with this Agreement shall be brought and maintained only in the state courts of Nevada, and not in any other state or federal court in the United States of America or any court in any other country, unless such courts are unable to adjudicate such action or proceeding, whereupon such action or proceeding may be brought and maintained in any court of competent jurisdiction, (ii) consent to submit to the exclusive jurisdiction of the state courts of Nevada for purposes of any action or proceeding arising out of or in connection with this Agreement, unless such action or proceeding is brought or maintained in another court as provided in clause (i) above, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Nevada, irrevocably the the Court as its agent in the State of Nevada as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Nevada, (iv) waive any objection to the laying of venue of any such action or proceeding in the Court, unless such action or proceeding is brought or maintained in another court as provided in clause (i) above, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Court has been brought in an improper or inconvenient forum, unless such action or proceeding is brought or maintained in another court as provided in clause (i) above.

*[remainder of this page intentionally left blank]*

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

**COMPANY**

**LEGACY EDUCATION ALLIANCE, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**INDEMNITEE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

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**EXECUTIVE EMPLOYMENT AGREEMENT**

This **AGREEMENT** (this "Agreement") is made as of the \_\_\_\_ day of October, 2013 (the "Effective Date"), by and between TIGRENT INC., a Colorado corporation, with an address of 1612 E. Cape Coral Parkway, Cape Coral, FL 33904 (the "Company") and ANTHONY C. HUMPAGE, an individual residing at \_\_\_\_\_ (the "Executive").

**WHEREAS** Executive was engaged by the Company as Chief Executive Officer commencing September 1, 2012 (the "Start Date"); and

**WHEREAS**, the Company desires to continue to employ Executive in the capacity of Chief Executive Officer; and

**WHEREAS** Executive is willing to continue make his services available to the Company on the terms and conditions set forth in this Agreement;

NOW, **THEREFORE**, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties, intending to be legally bound, agree as follow:

1. Term. The Company hereby employs Executive as Chief Executive Officer of the Company and Executive agrees to serve the Company as such upon the terms and conditions hereof commencing on the Effective Date and continuing until terminated by either the Company or Executive subject to and in accordance with Section 7 of this Agreement (the "Term").

2. Duties.

(a) Executive shall serve as the Chief Executive Officer of the Company and shall report directly to the Board of Directors thereof (the "Board"). Executive shall also serve on the Board without additional compensation. Executive shall also, if requested by the Board, serve as an executive officer of any Company subsidiary or joint venture company and/or as a fiduciary of any Company, subsidiary or joint venture company benefit plan(s).

(b) Executive shall have such duties and responsibilities as are customary for Executive's position and any other duties or responsibilities that may be assigned or delegated to him from time to time. Executive agrees that he will use his best efforts to fulfill his duty of loyalty and care to the Company and to promote the business and interests of the Company above all others and that he will not engage, directly or indirectly, in any other business or occupation during the Employment Term, except as expressly permitted by the Board. It is understood, however, that the foregoing will not prohibit Executive from (i) devoting reasonably limited time to charitable activities and personal investment activities for himself and his family that do not interfere materially with the performance of his duties hereunder or (ii) serving on the board(s) of any other corporate, civic or charitable organizations so long as such service is not inconsistent with his fiduciary obligations to the Company or otherwise conflicts with his obligations under the Covenant Agreement.

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3. Compensation.

(a) Base Annual Salary. The Company will pay Executive for all services to be rendered by Executive hereunder (including and without limitation, all services to be rendered by him as an officer and/or director of the Company and its subsidiaries and affiliates) a base annual salary (the "Base Annual Salary"), payable at least bi-weekly or otherwise in accordance with customary payroll practices for senior executives of the Company. The initial Base Annual Salary is Three Hundred Thousand Dollars (\$300,000.00). On or about each anniversary of the Contract Start Date, the Board may review the Base Annual Salary with Executive, and the Base Annual Salary may be adjusted at the discretion of the Board during the Employment Term.

(b) Incentive Compensation. Executive shall be eligible to receive an annual bonus ("Annual Bonus") and other long term incentive compensation, which are intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), under such executive bonus plans and long term incentive plans as may be established by the Compensation Committee of the Board in its sole discretion from time to time, subject to the terms and conditions of such plans. The Annual Bonus will be based on the achievement of Company and individual performance goals to be established by the Compensation Committee, with annual target incentive bonuses of 100% of the Base Annual Salary.

(c) Repayment upon Material Restatement.

The independent members of the Board ("Independent Director Committee") may, in its discretion, require reimbursement of any Annual Bonus or other incentive payments to Executive where: (1) the payment of such Annual Bonus or other incentive payments to Executive was predicated upon achieving certain financial results that were subsequently the subject of a material restatement of the Company's audited financial statement with the need for such restatement having been confirmed by the Company's independent auditors; (2) the Independent Director Committee determines Executive engaged in gross negligence or willful misconduct that substantially caused the need for the restatement; and (3) a lower payment would have been made to Executive based upon the restated financial results. In each such instance, the Executive shall repay to the Company the amount by which the Executive's Annual Bonus or other incentive payments for the relevant period exceeded the lower payments that would have been made based on the restated financial results; provided, however, that the Executive shall not be required to repay any Annual bonus or other incentive payments, or portion thereof, pursuant to this paragraph if such payments relate to accounting periods occurring two (2) years (or such longer time period as may be required by law) or more prior to the restatement. Before the Independent Director Committee determines whether Executive engaged in gross negligence or willful misconduct that caused or substantially caused the need for the substantial restatement, it shall provide to Executive written notice and the opportunity to be heard, at a meeting of the Independent Director Committee (which may be in-person or telephonic, as determined by the Independent Director Committee).

(d) Vacation. Retroactive to the Start Date, and continuing through the Term of Executive's employment under this Agreement, Executive shall be entitled to four (4) weeks of paid annual vacation.

4. Expenses. Retroactive to the Start Date, and continuing through the Term of Executive's employment under this Agreement, within thirty (30) days after the submission of reasonable supporting documentation by Executive and in accordance with the Company's expense reimbursement policy, the Company shall reimburse Executive for all reasonable and customary business, travel, and entertainment expenses incurred by Executive in the course of and pursuant to the business of the Company. In addition, the Company shall reimburse Executive for reasonable travel expenses Executive incurs in traveling from Executive's residence in Arizona to Cape Coral, Florida from time to time and for reasonable temporary living expenses Executive incurs for room, board and transportation in the Cape Coral, FL area.

5. Executive Benefits. Retroactive to the Start Date, and continuing through during the Term of Executive's employment under this Agreement, Executive shall be entitled to participate in any employee benefit plans, programs or policies provided to other full time employees or senior management of the Company or which may become in effect for the benefit of any other employees or senior management of the Company at any time during the course of Executive's employment by the Company, subject to the terms of such plans, programs or policies. Such other benefits shall include, but not be limited to, directors' and officers' liability insurance maintained by the Company for the benefit of its directors and officers. Nothing in this Agreement shall preclude the Company from amending or terminating any such plan at any time.

6. Withholding. All payments required to be made by the Company to Executive hereunder shall be subject to the withholding of such amounts relating to taxes and other governmental assessments as the Company may reasonably determine it should withhold pursuant to any applicable law, rule, or regulation.

7. Termination of Employment.

(a) Death: Permanent Disability. Upon the death of Executive during the term of this Agreement, the Employment Term shall terminate. If during the Employment Term Executive fails, because of illness or other incapacity, to perform the services required to be performed by him hereunder for any period of more than 90 days during any calendar year (provided that vacation time, if not previously taken, shall be exhausted before the above 90-day period commences to run) (any such illness or incapacity being hereinafter referred to as "Permanent Disability"), then the Company, in its discretion, may at any time thereafter terminate the Employment Term upon not less than 30 days' written notice thereof to Executive, and the Employment Term shall terminate and come to an end upon the date set forth in said notice as if said date were the termination date of the Employment Term; provided, however, that no such termination shall be effective if prior to the date when such notice is given, Executive's illness or incapacity shall have terminated and he shall be physically and mentally able to perform the services required hereunder and shall have taken up and be performing such duties.

If Executive's employment shall be terminated by reason of his death or Permanent Disability, Executive or his estate, as the case may be, shall be entitled to receive (i) any earned and unpaid salary through the date of termination; (ii) a pro rata portion of any annual bonus that Executive otherwise would have been entitled to receive pursuant to any bonus plan or arrangement for senior executives of the Company (such pro rata portion to be payable at the time such annual bonus otherwise would have been payable to Executive); and (iii) subject to the terms thereof, any benefits that may be due to Executive on the date of his termination under the provisions of any employee benefit plan, program, or policy of the Company. If Executive's employment is terminated by reason of his Permanent Disability, Executive shall be entitled to receive short-term disability benefits subject to the terms of the Company's short-term disability plan until such time as Executive becomes entitled to the benefits under the Company's Long Term Disability Plan; provided that the Company's obligation to provide such short-term disability benefits to Executive shall not under any circumstances extend beyond the maximum period provided in the Company's short-term disability plan plus an additional 90 days.

(b) Termination for Cause or Upon Executive's Resignation. If the Employment Term is terminated (i) by Executive (other than as a result of a material breach by the Company as set forth in Section 7(c) or (ii) by the Company for Cause, in either case, Executive shall be entitled to receive only (x) any earned and unpaid Base Annual Salary accrued through the date of termination and (y) subject to the terms thereof, any benefits which may be due to Executive on such date under the provisions of any employee benefit plan, program, or policy. If Executive is terminated for Cause, the Company shall deliver written notice to Executive, which notice shall specify the item of Cause for which Executive has been terminated.

For purposes of this Agreement, "Cause" and "for Cause" shall mean (i) any intentional breach of Executive's fiduciary duty to the Company, including but not limited to fraud, dishonesty, embezzlement, and failure to follow directions of the Board of Directors or of the Company's parent corporation; (ii) Executive's material breach of this Agreement (iii) Executive's material breach of the Covenant Agreement; (iv) Executive's gross negligence or willful misconduct in the performance of his duties that materially adversely affects the Company; (v) any material violation by Executive of the Company's non-discrimination, non-harassment, or non-retaliation policies or procedures as may be established by the Company from time to time; (vi) conviction of, or a plea to, a felony (including a plea of nolo contendere); or (vii) Executive's continued failure to perform in any material respect his duties to the Company as specifically directed by the Board; provided, however, that (A) the Company shall give Executive notice of any circumstances described in (ii) or (vii) above, which notice shall describe such circumstances in reasonable detail, and (B) no for "Cause" termination shall be deemed to exist if Executive shall remedy or cure the relevant circumstances within 20 days from his receipt of such notice. Termination for Cause under clause (ii) or (vii) shall be effective immediately following expiration of the 20-day cure period as aforesaid; provided Executive has not previously cured the event of Cause; and termination for Cause under (iv) shall be effective immediately upon receipt by Executive of written notice of termination.

(c) Termination Other than for Cause or Upon Material Breach by Company. If the Employment Term is terminated (i) by the Company other than for Cause or (ii) by Executive, subject to the succeeding sentence, following a material breach by the Company of this Agreement (including, but not limited to, any material diminution in the scope of the Executive's duties or a reduction in the Annual Salary payable hereunder), in either case, the Company shall continue to pay to Executive (x) the Base Annual Salary in effect at the end of the Employment Term for a period of **six (6) months** after such termination of this Agreement payable in installments at least bi-weekly or otherwise in accordance with customary payroll practices for senior executives of the Company. and, as severance compensation, (y) a prorated bonus ("Prorated Termination Bonus") in an amount equal to the Annual Bonus for the Executive that has accrued, if any, at the end of the calendar quarter immediately prior to the quarter in which the termination of the Executive's employment occurs prorated out through end of the calendar quarter in which the Executives termination occurs, multiplied by a fraction, the numerator of which is the number of completed calendar days of employment during the calendar year in which the Executive's employment terminates and the denominator of which is the total number of calendar days through the end of the calendar quarter in which the termination of the Executive's employment occurs. By way of example only, if Executive's employment terminates under this paragraph on the 300<sup>th</sup> day of the year (i.e., within the fourth quarter) and the accrued Annual Bonus as of the end of third quarter is \$30,000, then the Executive shall be entitled to a Prorated Termination Bonus as follows:

3<sup>rd</sup> Quarter Accrual (\$30,000) prorated through the end of the 4<sup>th</sup> quarter = \$40,000

$\$40,000 \times 300$  (number of days in the calendar year on day of termination) / 365 (number of calendars days at the end of the quarter in which the termination occurs) = \$32,877 Prorated Termination Bonus.

The Prorated Termination Bonus shall be paid to Executive in accordance with the provisions of Section 3 above.

If there is a material breach of this Agreement by the Company, Executive shall, within 30 days following his knowledge of such breach, deliver written notice to the Company, which notice shall specify such material breach. No material breach shall be deemed to exist if the Company shall remedy or cure the relevant circumstances within 20 days of its receipt of such notice. Payment by the Company of any amounts set forth in this Section 7(c), shall be conditioned upon (i) Executive executing a general release in favor of the Company (which release shall be reasonably satisfactory to the Company and shall exclude the Company's obligations in this Section and its obligations in Section 3) and (ii) Executive's continued compliance with the terms and conditions of Covenant Agreement. Notwithstanding anything contained in any Company annual incentive bonus plan, payment of any Termination Prorated Bonus pursuant to this paragraph 7(c) shall be in complete and total satisfaction of any obligation of the Company to Executive under such annual incentive bonus plan with respect to the performance period to which the Termination Prorated Bonus relates.

(d) Termination following Change of Control. If the Employment Term is terminated by (i) the Company without Cause or by Executive following a material breach by the Company, (including, but not limited to, any material diminution in the scope of the Executive's duties or a reduction in the Annual Salary payable hereunder), in either case within eighteen (18) months following a Change of Control (as defined below) of the Company, (a "Change of Control Termination") then (i) the Company shall pay to Executive in a lump sum payment (x) all Base Salary that has accrued but is unpaid as of the Termination Date, (y) an amount equal to the Annual Base salary then in effect and (z) a prorated bonus, such prorated bonus being in an amount equal to the target bonus for the Executive under the Company's annual incentive bonus plan in the year of the Change in Control, multiplied by a fraction, the numerator of which is the number of completed days of employment during such performance period and the denominator of which is the total number of days in the performance period ("the Change in Control Termination Prorated Bonus") , and (ii) the Company shall pay on behalf of Executive the premium amounts for COBRA medical continuation coverage under the Company's medical plan for a period of twelve (12) months after the Termination Date. If Executive becomes eligible for and elects to receive benefits under an employee benefit plan, program, or arrangement of another employer during the twelve (12) month period following the Termination Date, the Company's obligations to pay the premium cost of such benefits as set forth above shall cease. Payment by the Company of any amounts set forth in this Section 7(d) shall be conditioned upon (i) Executive executing a general release in favor of the Company (which release shall be reasonably satisfactory to the Company and shall exclude the Company's obligations in this Section and its obligations in Section 3) and (ii) Executive's continued compliance with the terms and conditions of Covenant Agreement. Notwithstanding anything contained in any Company annual incentive bonus plan. Payment of any Change in Control Termination Prorated Bonus pursuant to this paragraph 7(d) shall be in complete and total satisfaction of any obligation of the Company to Executive under such annual incentive bonus plan with respect to the performance period to which the Change in Control Termination Prorated Bonus relates.

For purposes hereof, a "Change of Control" shall have the meaning assigned to it in the Tigrent Inc. 2012 Incentive Plan attached hereto as Appendix A.

(e) Termination Upon Demand of RDOC. If the Executive's employment with the Company is terminated by the Board, other than for Cause or as the result of a Change in Control, within twelve (12) months of a demand for such termination by Rich Dad Operating Company, LLC ("RDOC") or any substitute Rich Dad entity or Robert or Kim Kiyosaki and RDOC notifies the Company that RDOC desires to remove, with or without cause, the Executive as RDOC's Licensor Designee to the Board as provided for Article VIII of that certain **Rich Dad Operating Company, LLC License Agreement** by and between RDOC and the Company having an effective date of September 1, 2013 (or such other agreement between RDOC and the Company that permits RDOC to designate an individual to sit on the Board) then the Company shall pay to Executive (i) an amount equal to the Base Annual Salary in effect at the end of the Employment Term payable as follows (aa) a lump sum of \$150,000 payable upon the expiration of the seven (7) day revocation period of the general release delivered by the Executive pursuant to this paragraph (the "Release Delivery Date") and (bb) the balance amortized over a six (6) month period commencing on the Release Delivery Date and payable in equal installments at least bi-weekly or otherwise in accordance with customary payroll practices for senior executives of the Company, and, as severance compensation, (ii) a Prorated Termination Bonus calculated in accordance with the formula set forth in Section 7(c) of this Agreement, likewise payable in equal installments over a six (6) month period commencing on the Release Delivery Date. Payment by the Company of any amounts set forth in this Section 7(e), shall be conditioned upon (i) Executive executing a general release in favor of the Company (which release shall be reasonably satisfactory to the Company and shall exclude the Company's obligations in this Section and its obligations in Section 3, and (ii) Executive's continued compliance with the terms and conditions of the Covenant Agreement. Notwithstanding anything contained in any Company annual incentive bonus plan, payment of any Prorated Termination Bonus pursuant to this paragraph 7(e) shall be in complete and total satisfaction of any obligation of the Company to Executive under such annual incentive bonus plan with respect to the performance period to which the Prorated Termination Bonus relates. The Prorated Termination Bonus shall be paid to Executive in accordance with the provisions of Section 3 above.

(f) Equity Grants. Upon the termination of employment of the Executive for any reason, all awards of common stock in the Company or other awards that are valued in whole or in part by reference to, or otherwise based on the common stock of the company, including, but not limited to, stock options, restricted stock or restricted stock units, stock appreciation rights, and performance shares or performance units, previously made to the Executive shall be governed by the respective terms of such awards and any agreements entered into between the Company and the Executive with respect to such awards, notwithstanding anything in this Agreement to the contrary.

(g) If the Executive's employment with the Company is terminated **under** either Section 7(c) or Section 7(d), Executive shall have the option, exercisable upon not more than seven (7) days written notice to the Company after the date of such termination, to purchase any such Company-owned vehicle made available for the business use of executives of the Company while in Cape Coral, FL at an all cash price equal to the lesser of (i) the value of such vehicle as reflected on the books of the Company on the date of such termination or (ii) its fair market value. Any such sale shall close within twenty (20) days after the date of termination.

(h) **No Other Amounts. Executive hereby agrees that except as expressly provided in this Agreement (including any benefits expressly referenced herein as being generally available to Executive), no salary, bonus, benefits, severance, or other compensation of any kind, nature, or amount shall be payable to Executive and except as expressly provided herein, Executive hereby irrevocably waives any claim for salary, bonus, benefits, severance, or other compensation.**

8. **Insurance.** Executive agrees that the Company may procure insurance on the life of Executive, in such amounts as the Company may in its discretion determine, and with the Company named as the beneficiary under the policy or policies. Executive agrees that upon request from the Company he will submit to a physical examination and will execute such applications and other documents as may be reasonably required for the procurement of such insurance.

9. **Restrictive Covenants.** Executive agrees to execute the Confidentiality, Non-Compete and Non-Solicitation Agreement (attached hereto as Appendix B) ("Covenant Agreement") contemporaneously with the execution of this Agreement and agrees to comply with the Covenant Agreement. The restrictions provided for in the Covenant Agreement shall survive the termination of this Agreement and the termination of Executive's employment with the Company.

10. **Acceptance by Executive.** Executive accepts all of the terms and provisions of this Agreement and agrees to perform all of the covenants on his part to be performed hereunder. The Company accepts all of the terms and provisions of this Agreement and agrees to perform all of the covenants on its part to be performed hereunder.

11. **Equitable Remedies.** Executive acknowledges that he has been employed for his unique talents and that his leaving the employ of the Company would seriously hamper the business of the Company and the parties acknowledge that any violation or breach of this Agreement, including, but not limited to, the Covenant Agreement, will cause the non-breaching party to suffer irreparable damage. The parties hereby expressly agree that the non-breaching party shall be entitled as a matter of right to injunctive or other equitable relief, in addition to all other remedies permitted by law, to prevent a breach or violation by the other party and to secure enforcement of the provisions of this Agreement, including, but not limited to, Sections 9 or 10 hereof. Resort to such equitable relief, however, shall not constitute a waiver of any other rights or remedies which the non-breaching party may have.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and there are no other terms other than those contained herein. No variation hereof shall be deemed valid unless in writing and signed by the parties hereto and no discharge of the terms hereof shall be deemed valid unless by full performance of the parties hereto or by a writing signed by the parties hereto. No waiver by any party of any breach by the other party of any provision or condition of this agreement by it to be performed shall be deemed a waiver of a breach of a similar or dissimilar provision or condition at the same time or any prior or subsequent time.

13. Severability. In case any provision in this agreement shall be declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

14. Notices. All notices, requests, demands and other communications provided for by this agreement ("Notices") shall be in writing and shall be deemed to have been given and to have been effective and deemed received at the time when hand delivered or delivered by Federal Express or other recognized overnight courier delivery service, such Notices to be addressed to the addresses of the respective parties stated below or to such changed addresses as such parties may fix by Notice given as aforesaid:

To the Company

Tigrent Inc. Board of Directors  
Attn: Chairman  
1612 E. Cape Coral Parkway  
Cape Coral, FL 33904

with a copy to:

Tigrent Inc.  
Attn: General Counsel  
1612 E. Cape Coral Parkway  
Cape Coral, FL 33904

To Executive

Anthony C. Humpage

\_\_\_\_\_  
\_\_\_\_\_  
with a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

provided, however, that any Notice of change of address shall be effective only upon receipt.

15. Successors and Assigns. This agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this agreement or any rights or obligations hereunder (except for an assignment or transfer by the Company to a successor as contemplated by the following proviso); provided, however, that the provisions hereof shall inure to the benefit of, and be binding upon, any successor of the Company, whether by merger, consolidation, transfer of all or substantially all of the assets of the Company, or otherwise, and upon Executive, his heirs, executors, administrators, and legal representatives.

16. Governing Law. This agreement and its validity, construction and performance shall be governed in all respects by the internal laws of the State of Florida without giving effect to any principles of conflict of laws.

17. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

18. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require.

19. Number and Gender. Words used in this Agreement, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.

20. Construction. The parties hereto and their respective legal counsel participated in the preparation of this Agreement; therefore, this agreement shall be construed neither against nor in favor of any of the parties hereto, but rather in accordance with the fair meaning thereof.

21. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, and in insolvency, bankruptcy and regulatory proceedings, and all related expenses and costs. Any suit, action or proceeding with respect to this agreement shall be brought in the courts of Lee County in the State of Florida or in the U.S. District Court for the Central District of Florida. The parties hereto hereby accept the exclusive jurisdiction of those courts for the purpose of any such suit, action, or proceeding.

Venue for any such action, in addition to any other venue permitted by statute, will be Lee County, Florida. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or any judgment entered by any court in respect thereof brought in Lee County, Florida, and hereby further irrevocably waive any claim that any suit, action or proceeding brought in Lee County, Florida has been brought in an inconvenient forum.

22. No Third-Party Beneficiaries. No person shall be deemed to possess any third-party beneficiary right pursuant to this Agreement. It is the intent of the parties hereto that no direct benefit to any third party is intended or implied by the execution of this Agreement.

23. Counterparts. This agreement may be executed in one or more electronic counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands on the day and year first written above.

TIGRENT INC.  
a Colorado Corporation

By: \_\_\_\_\_

Name:

Title:

/s/ Anthony C. Humpage

Anthony C. Humpage

**Appendix A**  
**(2012 Incentive Plan)**

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**Appendix B**

**(Confidentiality, Non-Compete and Non-Solicitation Agreement)**

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**ASSIGNMENT OF EXECUTIVE EMPLOYMENT  
OF ANTHONY C. HUMPAGE**

Reference is made to that certain Executive Employment Agreement dated October 2013 by and between Tigrent Inc., a Colorado corporation, and Anthony C. Humpage (the "Executive") (the "Contract"). Capitalized terms used in this Assignment of Executive Employment Agreement (this "Assignment") that are not otherwise defined herein shall have the respective meanings described thereto in the Contract.

Tigrent Inc. (the "Assignor") hereby assigns and transfers to Legacy Education Alliance, Inc. (the "Assignee") all rights, title and interest of Assignor in and to the Contract effective as of November 10, 2014 (the "Effective Date").

Assignee hereby assumes all obligations of Assignor under the Contract and agrees to perform all obligations of the Assignor under the Contract arising from and after the date of this Assignment and agrees to indemnify and hold Assignor harmless from any claim or demand resulting from non-performance by Assignee.

Each of the undersigned hereby agree that the assignment of the Contract by the Assignor to the Assignee shall not modify or amend the Contract other than that from and after the Effective Date ; (i) the Executive shall be an executive of the Assignee; (ii) all references in the Contract to "Company" shall be deemed a reference to the Assignee named above, and (iii) Tigrent is hereby released from any liability to Executive under the Contract.

Each of the parties to this Assignment hereby agrees that the Contract shall remain in full force and effect, and hereby ratifies and confirms all terms and conditions thereof except as expressly modified by this Assignment.

The witnesses whereof, each of the undersigned, has duly executed and delivered this Assignment as of the Effective Date.

**TIGRENT INC.**

By: \_\_\_\_\_  
Name:  
Title:

**LEGACY EDUCATION ALLIANCE, INC.**

By: \_\_\_\_\_  
Name:  
Title

\_\_\_\_\_  
**ANTHONY C. HUMPAGE**

**TIGRENT INC.**

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**ROYALTY PAYMENT AGREEMENT**

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## ROYALTY PAYMENT AGREEMENT

This **Royalty Payment Agreement** (this "**Agreement**") is made as of the 15th day of March 2013 (the "**Effective Date**") between **Tigrent Inc.**, a Colorado corporation (the "**Company**"), and **Rich Dad Operating Company, LLC**, a Nevada limited liability company ("**Holder**").

### RECITAL

**A.** The Company and Holder entered into that certain Licensing Agreement with an effective date of March 16, 2010 (as amended, restated, or otherwise modified from time to time, the "**Licensing Agreement**").

**B.** The Company and Holder agree that Holder will permit the Company, at the Company's option, to pay any royalties owing under the terms of the Licensing Agreement all in cash or in a combination of cash and [\*\*\*] [and, with the consent of Holder [\*\*\*]] of each royalty payment due under the License Agreement in unsecured convertible promissory notes.

### AGREEMENT

**Now, Therefore**, in consideration of the foregoing, and the representations, warranties, covenants and conditions set forth below, the Company and Holder, intending to be legally bound, hereby agree as follows:

#### **1. Amount and Terms of the Note(S)**

**1.1 The Note(s).** Subject to the terms of this Agreement, the Company may, at its option, issue and deliver and Holder agrees to accept at each Closing (as hereinafter defined) a convertible promissory note in substantially the form attached hereto as **Exhibit A** (each, a "**Note**" and collectively, the "**Notes**") as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. In addition, the Company may, with the consent of Holder, issue and deliver and Holder agrees to accept at each Closing a Note as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. The principal amount of each Note shall equal the portion of such royalty payment that the Company has elected to pay via a Note (each, an "**Advance**")

**1.2 Closing Date(s).** Each closing of a Note (each a "**Closing**") shall be held on a date mutually acceptable to the Company and Holder (each a "**Closing Date**").

**1.3 Delivery.** At each Closing the Company shall issue and deliver to Holder a Note in favor of Holder payable in the principal amount of the Advance. In addition, upon the execution of this Agreement, Company shall issue, and Holder agrees to accept, Notes as payment for royalties that have accrued but are unpaid under the License Agreement as of the Effective Date and upon the delivery of such Notes, the Company shall be deemed to be in compliance with its obligation to pay royalties under the License Agreement through the Effective Date.

**1.4 Conversion.** Each Note shall automatically convert into shares of Preferred Stock upon a Change of Control as provided in such Note. For purposes of this Agreement, the term “*Preferred Stock*” shall mean shares of the Company’s Series A Preferred Stock pursuant to the Certificate of Designation in substantially the form attached hereto as *Exhibit B* (the “*Certificate of Designation*”). The Company shall at all time reserve or cause to be reserved a sufficient number of shares of Preferred Stock to cover conversion of all outstanding Notes. The Company may not issue any shares of Preferred Stock, or any securities convertible into Preferred Stock, to any person other than Holder (or its successors, assigns and designees).

## **2. Repurchase at the Option of the Holder**

**2.1 Repurchase.** Holder shall have the right, at Holder’s option, to require the Company to repurchase, for cash, all of Holder’s Notes, or any portion of the principal amount thereof that is equal to [\*\*\*] or an integral multiple of [\*\*\*], at a repurchase price equal to [\*\*\*] of the principal amount thereof. Repurchases of Notes under this Section 2.1 shall be made, at the option of Holder, upon delivery to the Company by Holder of (a) a written notice at least five (5) business days prior to the date of repurchase (the “*Repurchase Date*”), stating the portion of the principal amount of Notes to be repurchased and the Repurchase Date, and (b) the Notes to be repurchased on or prior to the Repurchase Date. Any Notes that are to be repurchased only in part shall be surrendered to the Company, and the Company shall execute and deliver to Holder without service charge, a new Note or Notes, containing identical terms and conditions, in an authorized denomination in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Notes so surrendered. Notwithstanding the foregoing, no Notes may be repurchased at the option of Holder under this Section 2.1 if the principal amount of the Notes has been accelerated, and such acceleration has not been rescinded, on or prior to the Repurchase Date (except in the case of an acceleration resulting from an Event of Default by the Company in the payment of the repurchase price with respect to such Notes).

## **3. Conditions Precedent**

**3.1 Conditions to Effectiveness.** Holder shall not be obligated to take, fulfill or perform any action under this Agreement, unless and until the following conditions have been satisfied or performed, on or prior to the Effective Date, to Holder’s complete satisfaction or waived in writing by Holder:

(a) The Company shall have filed the Certificate of Designation with the Secretary of State of the State of Colorado establishing the rights, preferences and privileges of the Preferred Stock in a form acceptable to Holder.

(b) An officer of the Company shall deliver to Holder at the Effective Date a certificate certifying (i) the Company’s Articles of Incorporation, as amended (the “*Charter*”), (ii) the Bylaws of the Company (the “*Bylaws*”) and (iii) resolutions of the Board of Directors of the Company approving the Transaction Documents (as hereinafter defined) and the transactions contemplated hereby and thereby.

(c) The representations and warranties made by the Company in Section 4 hereof shall be true and correct in all material respects as of the Effective Date with the same force and effect as if they had been made as of the Effective Date, and the Company shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to the Effective Date.

(d) No Event of Default has occurred that is continuing as of the Effective Date.

**3.2 Conditions to Each Closing.** Holder shall not be obligated to accept any Note as payment for any portion of a royalty payment owing under the terms of the Licensing Agreement, unless and until the following conditions have been satisfied or performed, on or prior to the proposed Closing Date for such royalty payment, to Holder's complete satisfaction or waived in writing by Holder:

(a) The representations and warranties of the Company contained in Section 4 of this Agreement and in any other Transaction Document, shall be (i) in the case of representations and warranties qualified by "materiality," "material adverse effect" or similar language, true and correct in all respects and (ii) in the case of all other representations and warranties, true and correct in all material respects, in each case on and as of the applicable Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct on the basis set forth above as of such earlier date.

(b) No Event of Default has occurred that is continuing as of the Closing Date.

#### **4. Representations, Warranties and Covenants of the Company**

The Company hereby represents and warrants to Holder as follows:

**4.1 Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Colorado. The Company has the requisite corporate power to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its business.

**4.2 Corporate Power.** The Company will have at the Effective Date and each Closing Date all requisite corporate power to execute and deliver this Agreement and to issue each Note, collectively, in each case as the same may be amended, modified or supplemented from time to time, and all other related agreements and documents executed by the Company in favor of, and delivered to, Holder in connection with or pursuant to any of the foregoing (collectively, the "*Transaction Documents*"), and to carry out and perform its obligations under the terms of this Agreement and under the terms of each Note.

**4.3 Authorization.** All corporate action on the part of the Company, its directors and its stockholders necessary for the authorization, execution, delivery and performance of this Agreement by the Company and the performance of the Company's obligations hereunder, including the issuance and delivery of the Notes and the reservation of the Preferred Stock issuable upon conversion of the Notes has been taken or will be taken prior to the issuance of the Preferred Stock. This Agreement and the Notes, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency, the relief of debtors and, with respect to rights to indemnity, subject to federal and state securities laws. The Preferred Stock, when issued in compliance with the provisions of this Agreement and the Notes will be validly issued, fully paid and nonassessable and free of any liens or encumbrances and issued in compliance with all applicable federal and securities laws.

**4.4 Governmental Consents.** All consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with, any governmental authority, required on the part of the Company in connection with the valid execution and delivery of this Agreement, the offer, sale or issuance of the Notes and the Preferred Stock issuable upon conversion of the Notes or the consummation of any other transaction contemplated hereby shall have been obtained and will be effective as of the Effective Date and at each Closing.

**4.5 Compliance with Laws.** To its knowledge, the Company is not in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties, which violation of which would materially and adversely affect the business, assets, liabilities, financial condition, operations or prospects of the Company.

**4.6 Compliance with Other Instruments.** The Company is not in violation or default of any term of the Charter or Bylaws, or of any provision of any mortgage, indenture or contract to which it is a party and by which it is bound or of any judgment, decree, order or writ, other than such violation(s) that would not have a material adverse effect on the Company. The execution, delivery and performance of this Agreement, the Notes, and the consummation of the transactions contemplated hereby or thereby will not result in any such violation or be in conflict with, or constitute, with or without the passage of time and giving of notice, either a default under any such provision, instrument, judgment, decree, order or writ or an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties. Without limiting the foregoing, the Company has obtained all waivers reasonably necessary with respect to any preemptive rights, rights of first refusal or similar rights, including any notice or offering periods provided for as part of any such rights, in order for the Company to consummate the transactions contemplated hereunder without any third party obtaining any rights to cause the Company to offer or issue any securities of the Company as a result of the consummation of the transactions contemplated hereunder.

#### 4.7 Capitalization; Voting Rights.

(a) The authorized capital stock of the Company, immediately prior to the Effective Date, consists of (i) 25,000,000 shares of the Company's common stock (the "*Common Stock*"), 13,888,587 shares of which are issued and outstanding, and (ii) 10,000,000 shares of the Company's preferred stock, 25,000 shares of which are designated Series A Preferred Stock, none of which are issued and outstanding.

(b) The rights, preferences, privileges and restrictions of the Preferred Stock are as stated in the Charter. The Preferred Stock have been duly and validly reserved for issuance. When issued in compliance with the provisions of this Agreement and the Charter, the Preferred Stock will be validly issued, fully paid and nonassessable, and will be free of any liens or encumbrances other than (i) liens and encumbrances created by or imposed upon Holder; provided, however, that the Preferred Stock may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time a transfer is proposed. The issuance and delivery of the Notes and the subsequent conversion of the Notes into Preferred Stock are not and will not be subject to any preemptive rights or rights of first refusal that have not been properly waived or complied with.

**4.8 Offering.** Assuming the accuracy of the representations and warranties of Holder contained in Section 5 hereof, the offer, issue, and sale of the Notes and the Preferred Stock are and will be exempt from the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "*Securities Act*"), and have been registered or qualified (or are exempt from registration and qualification) under the registration, permit, or qualification requirements of all applicable state securities laws.

#### 5. Representations and Warranties of Holder

**5.1 Requisite Power and Authority.** Holder has all necessary power and authority to execute and deliver this Agreement and the other Transaction Documents it is a party to and to carry out their provisions. All action on Holder's part required for the lawful execution and delivery of this Agreement and the other Transaction Documents it is a party to has been taken. Upon their execution and delivery, this Agreement and the other Transaction Documents that Holder is a party to will be valid and binding obligations of Holder, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (b) as limited by general principles of equity that restrict the availability of equitable remedies.

**5.2 Purchase for Own Account.** Holder represents that it is acquiring the Notes and the Preferred Stock (collectively, the "*Securities*") solely for its own account and beneficial interest for investment and not for sale or with a view to distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

**5.3 Information and Sophistication.** Without lessening or obviating the representations and warranties of the Company set forth in Section 4, Holder hereby: (a)

acknowledges that it has received all the information it has requested from the Company and it considers necessary or appropriate for deciding whether to acquire the Securities, (b) represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given Holder and (c) further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

**5.4 Ability to Bear Economic Risk.** Holder acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

**5.5 Further Limitations on Disposition.** Without in any way limiting the representations set forth above, Holder further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration under the Securities Act or any applicable state securities laws, provided that no such opinion shall be required for dispositions in compliance with Rule 144, except in unusual circumstances.

Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be necessary for a transfer by Holder to a partner (or retired partner) or member (or retired member) of Holder in accordance with partnership or limited liability company interests, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if it was Holder.

**5.6 Accredited Investor Status.** Holder is an “accredited investor” as such term is defined in Rule 501 under the Securities Act.

**5.7 Further Assurances.** Holder agrees and covenants that at any time and from time to time it will promptly execute and deliver to the Company such further instruments and documents and take such further action as the Company may reasonably require in order to carry out the full intent and purpose of this Agreement and to comply with state or federal securities laws or other regulatory approvals.

## 6. Miscellaneous

**6.1 Binding Agreement.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

**6.2 Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Colorado as applied to agreements among Colorado residents, made and to be performed entirely within the State of Colorado, without giving effect to conflicts of laws principles.

**6.3 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**6.4 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

**6.5 Notices.** All notices required or permitted hereunder and the Notes shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex, electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company at 1612 East Cape Coral Parkway, Cape Coral, Florida 33904; Attention General Counsel; Phone: (239) 443-1627; Email: jamesmay@richdadeducation.com; Fax: (239) 540-6501, and to Holder at 4330 N. Civic Center Plaza, Suite 100, Scottsdale, AZ 8521, Attn: CEO or at such other address(es) as the Company or Holder may designate by ten (10) days advance written notice to the other parties hereto.

**6.6 Modification; Waiver.** No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective unless in writing and approved by the Company and Holder. Any provision of the Notes may be amended or waived by the written consent of the Company and Holder.

**6.7 Expenses.** The Company and Holder shall each bear its respective expenses and legal fees incurred with respect to this Agreement and the transactions contemplated herein.

**6.8 Severability.** If any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions of this Agreement shall not in any way be affected or impaired thereby and this Agreement shall nevertheless be binding between the Company and Holder.

**6.9 Delays or Omissions.** It is agreed that no delay or omission to exercise any right, power or remedy accruing to Holder, upon any breach or default of the Company under this

Agreement or any Note shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or any acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character by Holder of any breach or default under this Agreement, or any waiver by any Holder of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in writing and that all remedies, either under this Agreement, or by law or otherwise afforded to the Holder, shall be cumulative and not alternative.

**6.10 Entire Agreement.** This Agreement and the Exhibits hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein.

[Signature Page Follows]

In Witness Whereof, the parties have executed this **Royalty Payment Agreement** as of the date first written above.

**Company:**

**Holder:**

**Tigrent Inc.**

**Rich Dad Operating Company, LLC**

By: 

Name: \_\_\_\_\_

ANTHONY HUMPAGE

Title: \_\_\_\_\_

CEO.

By: 

Name: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

Title:

SIGNATURE PAGE TO ROYALTY PAYMENT AGREEMENT

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Exhibit A

Form of Convertible Promissory Note

THIS CONVERTIBLE PROMISSORY NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO SALE OR DISPOSITION MAY BE EFFECTED EXCEPT IN COMPLIANCE WITH RULE 144 UNDER SAID ACT OR AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL FOR THE HOLDER SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT OR RECEIPT OF A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION.

CONVERTIBLE PROMISSORY NOTE

\$\_[\_\_\_\_\_]  
No. [\_\_]

[DATE]  
Cape Coral, Florida

For value received **Tigrent Inc.**, a Colorado corporation ("**Company**"), promises to pay to **Rich Dad Operating Company, LLC**, a Nevada limited liability company, or its assigns ("**Holder**"), the principal sum of \$[\_\_\_\_\_] (the "**Advance**"), due and payable on the dates and in the manner set forth below. This note (this "**Note**") is issued as part of a series of similar notes (collectively, the "**Notes**") to be issued pursuant to the terms of that certain Royalty Payment Agreement, dated as of [\_\_\_\_\_] , 2013 (as amended, restated or otherwise modified from time to time, the "**Agreement**"). Capitalized terms utilized but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

**1. Principal Repayment.** Unless this Note has been paid or converted in accordance with the terms of Section 3 below, the entire outstanding principal balance shall become fully due and payable on December 31, 2014 (the "**Maturity Date**"). All payments of principal shall be in lawful money of the United States of America to Holder. All amounts payable hereunder shall be payable at the office of Holder, \_\_\_\_\_, unless another place of payment shall be specified in writing by Holder. The Company may prepay, in cash, this Note or any portion of the principal amount thereof that is equal to [\*\*\*], or an integral multiple of [\*\*\*], prior to the Maturity Date without the consent of Holder.

**2. Interest.** This Note shall not bear interest, and the principal amount thereof shall not accrete.

**3. Conversion.** Upon a Change of Control, the outstanding principal balance of this Note shall automatically convert in whole without any further action by Holder into Preferred Stock at a conversion rate of one share of Preferred Stock per [\*\*\*] principal amount of Notes. The Company shall not issue any fractional share of Preferred Stock upon conversion of the Notes and shall instead pay cash in lieu of any fractional share of Preferred Stock.

"**Change of Control**" shall mean: (i) any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (other than

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the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of common stock of the Company, or Investor), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing [\*\*\*] or more of the combined voting power of the Company’s then outstanding securities; (ii) during any period of [\*\*\*], individuals who at the beginning of such period constitute the Company’s Board of Directors (the “**Board**”), and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraphs (a), (c), or (d) of the Memorandum of Understanding dated as of [August 31, 2012], by and between Company and Holder) whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the [\*\*\*] or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; (iii) a merger, consolidation, reorganization, or other business combination of the Company with any other entity (other than Holder), other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than [\*\*\*] of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires [\*\*\*] or more of the combined voting power of the Company’s then outstanding securities shall not constitute a Change in Control; or (iv) the shareholders of the Company approve a plan of complete liquidation of the Company or the consummation of the sale or disposition by the Company of all or substantially all of Company’s assets other than (x) the sale or disposition of all or substantially all of the assets of the Company to Holder or to a person or persons who beneficially own, directly or indirectly, at least [\*\*\*] or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of the Company.

**4. Events of Default.** If there shall be any Event of Default hereunder, at the option and upon the declaration of Holder and upon written notice to the Company (which election and notice shall not be required in the case of an Event of Default under Section 4(d) or 4 (e)), this Note shall accelerate and all principal and unpaid accrued interest shall become due and payable. The occurrence of any one or more of the following shall constitute an “**Event of Default**”:

- (a) The Company fails to pay timely any of the principal amount due under this Note on the date the same becomes due and payable;
  - (b) The Company shall default in its performance of any covenant under the Agreement and such default continues for a period of [\*\*\*] days after notice has been delivered by Holder;
  - (c) The Company fails to comply with its obligation to convert the Notes in accordance with this Note and the failure continues for [\*\*\*] days;
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(d) The Company fails to repurchase this Note in accordance with Section 2 of the Agreement;

(e) The Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(f) An involuntary petition is filed against the Company (unless such petition is dismissed or discharged within sixty (60) days under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of the Company.

The Company hereby waives demand, notice, presentment, protest and notice of dishonor.

**5. Subordination.** The indebtedness evidenced by this Note is subordinated in right of payment to the prior payment in full of any Senior Indebtedness in existence on the date of this Note. “*Senior Indebtedness*” shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, all amounts due in connection with (a) indebtedness of the Company to Holder and Rich Global, LLC under that certain Credit Agreement, dated as of March 25, 2011 (as amended, resatated or otherwise modified from time to time), among the Company, Holder and Rich Global, LLC, (b) indebtedness of The Company to banks or other lending institutions regularly engaged in the business of lending money (excluding venture capital, investment banking or similar institutions and their affiliates, which sometimes engage in lending activities but which are primarily engaged in investments in equity securities), and (c) any such indebtedness or any debentures, notes or other evidence of indebtedness issued in exchange for such Senior Indebtedness, or any indebtedness arising from the satisfaction of such Senior Indebtedness by a guarantor.

**6. Binding Effect.** The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Note, expressed or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Note, except as expressly provided in this Note.

**7. Governing Law.** This Note shall be governed by and construed under the laws of the State of Colorado, as applied to agreements among Colorado residents, made and to be performed entirely within the State of Colorado, without giving effect to conflicts of laws principles.

**8. Modification; Waiver.** No modification or waiver of any provision of this Note or consent to departure therefrom shall be effective unless in writing and approved by the Company and Holder. Any provision of the Notes may be amended or waived by the written consent of the Company and Holder.

**9. Expenses.** The Company and Holder shall each bear its respective expenses and legal fees incurred with respect to this Note and the transactions contemplated herein.

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**10. Transfer.** This Note may be transferred only upon its surrender to the Company for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to the Company. Thereupon, this Note shall be reissued to, and registered in the name of, the transferee, or a new Note for like principal amount and interest shall be issued to, and registered in the name of, the transferee. Principal shall be paid solely to the registered holder of this Note. Such payment shall constitute full discharge of the Company's obligation to pay such principal.

**11. Severability.** If any provision of this Note is determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions of this Note shall not in any way be affected or impaired thereby and this Note shall nevertheless be binding between the Company and Holder.

**12. Titles and Subtitles.** The titles and subtitles used in this Note are used for convenience only and are not to be considered in construing or interpreting this Note.

**13. No Rights as Stockholder.** This Note, as such, shall not entitle Holder to any rights as a stockholder of the Company.

\*\*\*\*\*

**Tigrent Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**Exhibit B**

Form of Certificate of Designation

**TIGRENT INC.**

**CERTIFICATE OF DESIGNATIONS  
OF THE  
SERIES A PREFERRED STOCK**

**PURSUANT TO SECTION 7-106-102 OF THE COLORADO BUSINESS  
CORPORATION ACT OF THE STATE OF COLORADO<sup>1</sup>**

**THE UNDERSIGNED**, being the [\_\_\_\_\_] of **Tigrent Inc.**, a Colorado corporation (the "**Company**"), in accordance with the provisions of Section 7-110-106 of the Colorado Business Corporation Act (the "**CBCA**") does hereby certify to the Secretary of State of the State of Colorado (the "**Secretary**") that, in accordance with Section 7-106-102 of the CBCA, the following resolution was duly adopted by the Board of Directors of the Company as of [●], 2013, creating a series of 25,000 shares of Preferred Stock designated as "Series A Preferred Stock":

**RESOLVED**, that pursuant to the authority expressly vested in the Board of Directors of the Company (the "**Board of Directors**") by Article Three of the Company's Articles of Incorporation, as amended (the "**Articles**"), and Section 7-106-102 of the CBCA, a series of preferred stock ("**Preferred Stock**"), of the Company be and hereby is created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

**Series A Preferred Stock**

**Designation and Number.** A series of Preferred Stock, designated the "Series A Preferred Stock" (the "**Series A Preferred Stock**"), is hereby established. The number of shares of Series A Preferred Stock initially shall be 25,000.

**Rank.** The Series A Preferred Stock will rank, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company: (i) senior to all classes or series of the Company's common stock (the "**Common Stock**"), and all classes or series of capital stock of the Company now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; (ii) on parity with any class or series of capital stock of the Company expressly designated as ranking on parity with the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company; and

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<sup>1</sup> NTD: In connection with the filing of the Certificate of Designations, the applicable electronic form with the Colorado Secretary of State will be completed and filed.

(iii) junior to any class or series of capital stock of the Company expressly designated as ranking senior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The term “capital stock” does not include convertible or exchangeable debt securities, which will rank senior to the Series A Preferred Stock prior to conversion or exchange. The Series A Preferred Stock will rank junior in right of payment to the Company’s other existing and future debt obligations.

**Dividend Rights.**

(a) Holders of Series A Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive, but only out of funds that are legally available therefor, cash dividends at the rate of [\*\*\*] of the Original Issue Price (as defined below) per annum on each outstanding share of Series A Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors.

(b) The “*Original Issue Price*” of the Series A Preferred Stock shall be [\*\*\*] (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

(c) So long as any shares of Series A Preferred Stock are outstanding, the Company shall not pay or declare any dividend (whether in cash or property), or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock, until all dividends as set forth in Section 3(a) above on the Series A Preferred Stock shall have been paid or declared and set apart, except for:

acquisitions of Common Stock by the Company pursuant to agreements that permit the Company to repurchase such shares at no more than cost upon termination of services to the Company;

acquisitions of Common Stock in exercise of the Company’s right of first refusal to repurchase such shares; or

distributions to holders of Common Stock in accordance with Section 4.

(d) In the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series A Preferred Stock in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

(e) The provisions of Sections 3(c) and 3(d) shall not apply to any repurchase of any outstanding securities of the Company that is approved by (i) the Board of Directors and (ii) the holders of a majority of Series A Preferred Stock.

**Liquidation Preference.**

(f) Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (a “**Liquidation Event**”), before any distribution or payment shall be made to the holders of any Common Stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in a Change of Control) for each share of Series A Preferred Stock held by them, an amount per share of Series A Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series A Preferred Stock. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred Stock of the liquidation preference set forth in this Section 4(a), then such assets (or consideration) shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(g) After the payment of the full liquidation preference of the Series A Preferred Stock as set forth in Section 4(a) above, the remaining assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in a Change of Control), if any, shall be distributed ratably to the holders of the Common Stock.

(h) A Change of Control (as defined below) shall be deemed a Liquidation Event for purposes of this Section 4.

For the purposes of this Section 4: “**Change of Control**” shall mean: (A) any “person” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of common stock of the Company, or Investor), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing [\*\*\*] or more of the combined voting power of the Company’s then outstanding securities; (B) during any period of [\*\*\*], individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraphs (a), (c), or (d) of the Memorandum of Understanding dated as of August 31, 2012, by and between the Company and Rich Dad Operating Company, LLC, a Nevada limited liability company (“**Rich Dad**”)) whose election by the Board of Directors or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the [\*\*\*] or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board of Directors; (C) a merger, consolidation, reorganization, or other business combination of Company with any other entity (other than holders of the Series A Preferred Stock), other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more [\*\*\*] of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no person acquires

[\*\*\*] or more of the combined voting power of the Company's then outstanding securities shall not constitute a Change in Control; or (D) the shareholders of the Company approve a plan of complete liquidation of the Company or the consummation of the sale or disposition by the Company of all or substantially all of Company's assets other than (x) the sale or disposition of all or substantially all of the assets of the Company to holders of the Series A Preferred Stock or to a person or persons who beneficially own, directly or indirectly, at least [\*\*\*] or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of the Company.

In any Change of Control, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board of Directors on the date such determination is made.

The Company shall not have the power to effect a Change of Control unless the definitive agreement for such transaction provides that the consideration payable to the stockholders of the Company in connection therewith shall be allocated among the holders of capital stock of the Company in accordance with this Section 4.

#### **Voting Rights.**

(i) Holders of the Series A Preferred Stock shall not have any voting rights, except as set forth in this Section 5.

(j) Each holder of shares of the Series A Preferred Stock shall be entitled to 1,000 votes per share of the Series A Preferred Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company (the "**Bylaws**"). Except as otherwise provided herein or as required by law, the Series A Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(k) **Separate Vote of Series A Preferred Stock.** For so long as any shares of Series A Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series A Preferred Stock shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

Any agreement by the Company or its stockholders regarding a merger, sale of all or substantially all the assets, liquidation, dissolution or winding up of the Company (including a Change of Control (as defined in Section 4 hereof));

Any amendment, alteration, or repeal of any provision of the Articles (including any filing of a Certificate of Designation) or any agreement by the Company that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series A Preferred Stock so as to affect them adversely;

Any increase or decrease in the authorized number of shares of Common Stock or Preferred Stock;

Any authorization or any designation (or any obligation to authorize or designate), whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series A Preferred Stock in right of redemption, liquidation preference, voting or dividend rights or any increase in the authorized or designated number of any such class or series;

Any redemption, repurchase, payment or declaration of dividends or other distributions with respect to Common Stock or Preferred Stock other than dividends required pursuant to Section 3 hereof (except for acquisitions of Common Stock by the Company with the approval of the Board of Directors permitted by Section 3(c)(i), (ii) and (iii) hereof, and redemptions pursuant to Section 7 hereof);

Any amendment, alteration, or repeal of any provision of the Articles or the Bylaws of the Company;

Any increase or decrease in the authorized number of members of the Board of Directors.

Any transaction that encumbers all or substantially all of Company's property or business or grants an exclusive license for all or substantially all of its intellectual property, or

Any incurrence of indebtedness in excess of \$1 million individually or \$5 million in the aggregate in any 12-month period; provided, that the restrictions in subclauses (viii) and (ix) shall not apply in connection with commercial credit arrangements, equipment financings or similar transactions with financial institutions, equipment lessors or similar entities, the terms of which are approved by the Board of Directors.

**(I)** Election of Board of Directors.

For so long as any shares of Series A Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) and the Licensing Agreement with and effective date of March 16, 2010 between the Company and Rich Dad is no longer effective, resulting in Rich Dad no longer being entitled to designate any member of the Board of Directors, then the holders of Series A Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such directors.

The holders of Common Stock and Series A Preferred Stock, voting together as a single class on the basis of 1,000 votes per share of Series A Preferred Stock, shall be entitled to elect all remaining members of the Board of Directors at each meeting or pursuant to each

consent of the Company's stockholders for the election of director, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such director.

Notwithstanding the provisions of Section 7-108-110 of the CBCA, any vacancy, including newly created directorships resulting from any increase in the authorized number of directors or amendment of the Articles, and vacancies created by removal or resignation of a director, may be filled pursuant to the procedures in the Bylaws; provided, however, that where such vacancy occurs among the directors elected by the holders of a class or series of stock, the holders of shares of such class or series may override the Board of Directors' action to fill such vacancy by (i) voting for their own designee to fill such vacancy at a meeting of the Company's stockholders or (ii) written consent, if the consenting stockholders hold a sufficient number of shares to elect their designee at a meeting of the stockholders in which all members of such class or series are present and voted. Any director may be removed during his or her term of office without cause, by, and only by, the affirmative vote of the holders of the shares of the class or series of stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders, and any vacancy thereby created may be filled by the holders of that class or series of stock represented at the meeting or pursuant to written consent. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director.

**Conversion Rights.** The Series A Preferred Stock will not be convertible into Common Stock or any other securities of the Company.

**Redemption.**

(m) The Company, to the extent it may lawfully do so, may redeem any or all of the Series A Preferred Stock at any time as follows:

At least thirty (30) days but no more than sixty (60) days prior to the date of redemption (the "**Redemption Date**"), the Company shall send written notice (a "**Redemption Notice**") to all holders of Series A Preferred Stock setting forth (A) the total amount to be paid for the Series A Preferred Stock for the shares to be redeemed (the "**Redemption Price**"); and (B) the place at which such holders may obtain payment of the Redemption Price upon surrender of their share certificates.

The Company shall effect such redemption on the Redemption Date by paying in cash in exchange for the shares of Series A Preferred Stock to be redeemed on the Redemption Date a sum equal to the Original Issue Price per share of Series A Preferred Stock plus declared and unpaid dividends with respect to such shares.

(n) On or prior to the Redemption Date, the Company shall deposit the Redemption Price of all shares to be redeemed with a bank or trust company having aggregate capital and surplus in excess of \$100,000,000, as a trust fund, with irrevocable instructions and authority to the bank or trust company to pay, on and after such Redemption Date, the Redemption Price of

the shares to their respective holders upon the surrender of their share certificates. The balance of any funds deposited by the Company pursuant to this Section 7(b) remaining unclaimed at the expiration of one (1) year following such Redemption Date shall be returned to the Company promptly upon its written request.

(o) On or after the Redemption Date, each holder of shares of Series A Preferred Stock to be redeemed shall surrender such holder's certificates representing such shares to the Company in the manner and at the place designated in the Redemption Notice, and thereupon the Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. From and after such Redemption Date, unless there shall have been a default in payment of the Redemption Price or the Company is unable to pay the Redemption Price due to not having sufficient legally available funds, all rights of the holder of such shares as holder of Series A Preferred Stock (except the right to receive the Redemption Price without interest upon surrender of their certificates), shall cease and terminate with respect to such shares; provided that in the event that shares of Series A Preferred Stock are not redeemed due to a default in payment by the Company or because the Company does not have sufficient legally available funds, such shares of Series A Preferred Stock shall remain outstanding and shall be entitled to all of the rights and preferences provided herein until redeemed.

**Record Holders.** The Company and its transfer agent may deem and treat the record holder of any Series A Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Company nor its transfer agent shall be affected by any notice to the contrary.

**Registration Rights.** Holders of the Series A Preferred Stock will not have any registration rights with respect to the Series A Preferred Stock.

**No Maturity or Sinking Fund.** The Series A Preferred Stock has no maturity date, no sinking fund has been established for the retirement or redemption of Series A Preferred Stock, and the Company is not required to redeem the Series A Preferred Stock at any time.

**Exclusion of Other Rights.** The Series A Preferred Stock shall not have any preferences, conversion or other rights, registration rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than as expressly set forth in the Articles and this Certificate of Designations.

**Headings of Subdivisions.** The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

**Severability of Provisions.** If any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Articles and this Certificate of Designations are invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Stock set forth in the Articles which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless,

remain in full force and effect and no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

**No Preemptive Rights.** No holder of Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Company (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Company.

**Legends.** All of the Series A Preferred Stock will bear a legend substantially to the following effect, unless otherwise agreed by the Company and the holder thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES (1) THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITY EVIDENCED HEREBY, EXCEPT (A) TO THE ISSUER OR A SUBSIDIARY OF THE ISSUER; (B) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT AND CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH RESALE OR TRANSFER; (C) TO A PERSON THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A ADOPTED UNDER THE SECURITIES ACT) THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, ALL IN COMPLIANCE WITH RULE 144A (IF AVAILABLE); (D) OUTSIDE OF THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT; OR (E) UNDER ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; (2) THAT IT WILL, PRIOR TO ANY TRANSFER OF THIS SECURITY, FURNISH TO THE TRANSFER AGENT AND THE ISSUER SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS MAY BE REQUIRED TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; AND (3) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE AS TO THE ABOVE RESTRICTIONS.

\*\*\*\*\*

The Series A Preferred Stock has been classified and designated by the Board of Directors under the authority contained in the Articles.

This Certificate of Designations has been approved by the Board of Directors in the manner and by the vote required by law.

This Certificate of Designations shall be effective at the time the Secretary accepts this Certificate of Designations for record.

The undersigned [\_\_\_\_\_] of the Company acknowledges this Certificate of Designations to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned [\_\_\_\_\_] acknowledges that to the best of [his/her] knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[SIGNATURE PAGE FOLLOWS]

**RICH DAD OPERATING COMPANY, LLC  
LICENSE AGREEMENT**

This **Rich Dad Operating Company, LLC License Agreement** (this "**Agreement**") by and between **Rich Dad Operating Company, LLC**, a Nevada limited liability company ("**Licensor**") and **Tigrent Inc.**, a Colorado corporation (the "**Licensee**"), is entered into as of **September 1, 2013** (the "Effective Date").

**WHEREAS**, Licensee is in the business of developing, producing, marketing and delivering adult educational curricula on real estate investment, business development, entrepreneurship, financial investment, asset protection, and personal development;

**WHEREAS**, Licensor owns or otherwise possesses exclusive licenses for certain copyrights, trademarks, patents, and other valuable rights, and the right to license those rights to others;

**WHEREAS**, Licensor and Licensee wish to conduct business together to create, market and promote a Rich Dad Education branded curricula in accordance with the terms and conditions set forth below.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

**ARTICLE I  
DEFINITIONS**

Capitalized words and phrases used in this Agreement that are not otherwise defined herein shall have the meanings set forth below:

**1.1.** The term "**Affiliate**" means an entity controlling, controlled, or under common control with a party. For these purposes, "control" means: (a) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise; or (b) the ownership, directly or indirectly, of at least fifty percent (50%) of the voting securities or other ownership interest of an entity.

**1.2.** The term "**Business**" means developing, marketing, selling, and/or conducting Licensor-branded educational products and services in the **Field** through any form of communication or media including, but not limited to, **Trainings**.

**1.3.** The term "**Cash Sales**" shall mean the gross cash proceeds actually received by Licensee from the sale of **Trainings** as the result of a "Rich Dad" branded marketing campaign conducted by Licensee that uses any combination of (i) the **Licensed Marks** (as defined below), (ii) the name, image, or likeness of any of the **Rich Dad Personalities** (as defined below) or **Rich Dad Advisors** (as defined below), or (iii) any "**Rich Dad**" copyrighted or trademarked intellectual property of Licensor, including by way of example, and not limitation, books, video recordings, and audio recordings of any of the Rich Dad Personalities. Cash Sales shall exclude any merchant fees, taxes, shipping, refunds (e.g., returns, right of rescission, NSF checks, and credit card chargebacks), rebates, bad debt and any sums paid to Legacy Learning, LLC, a Delaware limited liability company, dba Professional Education Institute ("**PEI**").

**1.4.** The term "**Confidential Information**" means any and all information that is not readily ascertainable by proper means and which derives economic value, actual or potential from not being generally known and which has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy. All information relating to the products or operations of a party, which is provided to the other party, or to which the other party otherwise obtains access, pursuant to, or as a result of, this Agreement shall be treated as Confidential Information hereunder, except such information which the other party can clearly show: (a) at the time of this Agreement is publicly and openly known; (b) after the date of this Agreement becomes publicly and openly known through no fault of the other party; (c) comes into the other party's possession and lawfully obtained by the other party from a source other than from the party or a source deriving from the party, and not subject to any obligation of confidentiality or restrictions on use; or (d) is approved for release by written authorization of the other party.

**1.5.** The term "**Customer Data**" means documents and other media (whether in human or machine readable form) containing information, regarding customers and prospective customers. Without limiting the generality of the foregoing, the term "Customer Data" shall include customer lists and personally identifiable information about customers and prospective customers.

**1.6.** The term "**Educational Materials**" means all advertising and promotional materials, handouts, workbooks, presentations, manuals, software programs, and any other literature or material and other collateral items employed, provided, distributed, sold, or otherwise made available in connection with the Business, in any form of communication or media and whether or not in machine or human readable format.

**1.7.** The term "**Exclusive Field of Use**" means live, on-line, or on-demand seminars, webinars, and training courses in the Field delivered through any form of communication or media. Excluded from the Exclusive Field of Use are: (i) live, in-person seminars of any kind conducted by Licensor or any affiliate of Licensor at which any of the following are featured speakers: any of the Rich Dad Personalities, or any Rich Dad Advisor; and (ii) live, in-person classes taught in schools (K-12), colleges or universities to matriculated students as part of an academic curriculum.

**1.8.** The term "**Field**" means real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, entrepreneurship and other financially-oriented subjects.

**1.9.** The term "**Licensed Intellectual Property**" means individually, collectively or in any combination, Licensor's patents (whether issued or pending), copyrights (whether registered or not), trademarks and trade names (whether registered or unregistered); as well as concepts, developments, trade secrets, methods, systems, programs, improvements, inventions, data and information (whether in perceivable or machine-readable form), source code, works of authorship and products whether or not patentable, copyrightable, or susceptible to any other form of protection, and whether or not reduced to practice or designated by Rich Dad as Licensed Intellectual Property, including, but not limited to the (a) the Proprietary Materials and Information, (b) the Licensed Marks and (c) the name, image, and likeness of the **Rich Dad Personalities**.

**1.10.** The term "**Licensed Marks**" means the Licensor's current and future trademarks, service marks, and trade dress including.

**1.11.** The term "**Proprietary Materials and Information**" means any and all material provided to Licensee by or on behalf of Licensor, including but not limited to customer lists, products, trade secrets, source codes, development platforms, server system configuration diagrams, lobby server specifications and programs, middleware, Application Program Interface data for middleware or otherwise, unpublished artwork, tools, data and contents related to artwork, whether 2- or 3- dimensional, all original and secondary audio or visual data, as well as any and all other Licensed Intellectual Property and/or information which: (i) is provided to Licensee by or on behalf of Licensor or to which Licensee is provided access by or on behalf of Licensor, (ii) is created developed, or otherwise generated by or on behalf of Licensor, (iii) concerns or relates to any aspect of Licensor business or products, or (iv) is, for any reason, identified or otherwise marked by Licensor as confidential; except such information which Licensee can show, clearly and convincingly: (1) is at the time of disclosure, publicly and openly known as of the Effective Date of this Agreement, (2) becomes publicly and openly known through no fault of Licensee, or (3) is in Licensee's possession and documented prior to the commencement of the relationship between the parties, lawfully obtained by Licensee from a source other than from Licensor, and not subject to any obligation of confidentiality or restrictions on use, or (4) is approved for release by written authorization of Licensor.

**1.12.** The term "**Rich Dad Advisors**" means " means any authors or co- authors of a work in the "**Rich Dad**", "**Rich Dad Advisors**", "**Rich Family**", "**Rich Woman** ", "**Rich Life**" or similar series of books and all other individuals or concerns directly or in directly related to "**Rich Dad**", "**Rich Dad Advisors**", "**Rich Family**", "**Rich Woman**", "**Rich Life**" or affiliated brands which may be designated by either Robert T. Kiyosaki or Kim Kiyosaki in his or her sole discretion.

**1.13.** The term "**Rich Dad Personalities**" shall mean Robert Kiyosaki and Kim Kiyosaki.

**1.14.** The term "**Term**" means the period of time from the Effective Date until the Agreement is terminated as provided in Section 8 hereof.

**1.15.** The term "**Territory**" shall mean **worldwide**.

**1.16.** The term "**Trainings**" shall mean Licensor-branded in person or remote product offerings in the Field to one or more recipients, including seminars, webinars and other computer or internet based trainings, and mentoring as may be offered by Licensee in the conduct of the Business in the Territory and for which a fee is charged by Licensee.

## **ARTICLE II GRANT OF LICENSE**

**2.1.** Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, the sole and exclusive right and license in and to the Licensed Intellectual Property for the purpose of allowing Licensee to (i) develop and create Educational Materials and (ii) conduct the Business in the Territory by itself and through its subsidiaries and affiliates. Such license shall include, but shall not be limited to, the right to make, use, reproduce, modify, adapt, create derivative works of, translate, distribute (directly and indirectly), transmit, display and perform publicly, license, rent, lease, export, import, offer for sale, sell and commercially exploit the Licensed Intellectual Property, in whole or in part. Licensor understands that Licensee intends to use the Licensed Intellectual Property, at its sole discretion, in connection with the Business. Licensee may, but is not obligated to, to display Licensee's copyright notice on any works or materials containing the License Marks.

**2.2.** Licensee has the right to modify the Licensed Intellectual Property and to create derivative works (the "**Derivative Works**"); provided that such Derivative Works may be used, copied, distributed, performed and/or displayed only in connection with the Business; and provided further that Licensee will not distribute or sublicense products embodying the Derivative Works other than to end users for personal use only and not for re-sale, distribution or re-licensing. Licensee will be deemed the owner of all Derivative Works.

**ARTICLE III  
LIMITATIONS, RESTRICTIONS, COVENANTS**

**3.1** During the Term, the Licensee shall not use the Licensed Intellectual Property other than as permitted by this Agreement.

**3.2** Licensor shall not, during the Term grant any third party a license to use the Licensed Intellectual Property within the Exclusive Field of Use. During the term of this Agreement, neither Licensor nor any of its Affiliates may (1) engage, directly or indirectly, in the Exclusive Field of Use, or (2) contact, solicit, or direct any person or entity to contact or solicit, any of the customers of Licensee (or customers set forth in the Customer Data) for the purpose of providing any products or services that are the same or similar to those offered by the Licensee in the Business.

**3.3** Licensee may distribute goods and services embodying the Licensed Intellectual Property to end users for personal use only and not for resale, distribution or re-licensing by such end users.

**3.4** Licensee acknowledges and agrees that, except as otherwise specifically provided for herein, this Agreement grants Licensee no title or right of ownership in or to the Licensed Intellectual Property. Licensee shall not at any time do or cause to be done any act, omission, or thing contesting or in any way impairing or tending to impair any part of Licensor's right, title and interest in the Licensed Intellectual Property.

**3.5** In the event Licensee shall be deemed to have acquired any ownership rights in the Licensed Intellectual Property, the Licensee shall assign, and agrees to execute all documents reasonably requested by Licensor to assign, all such rights in the Licensed Intellectual Property to Licensor or its nominee.

**3.6** Licensee acknowledges the validity of the Licensed Marks. The Licensed Marks (and all versions and derivatives thereof) are owned by Licensor and shall be and remain the exclusive property of Licensor. All rights in and to the Licensed Marks other than those specifically granted to the Licensee herein, are reserved to Licensor for its own use and benefit. The Licensee shall not acquire any ownership rights in or to the Licensed Marks.

**3.7** Licensee shall own all work product including, but not limited to, ideas, any and all concepts, inventions, designs, trademarks, tradenames, service marks, trade dress, logos, course content, Educational Materials, Customer Data (including client lists) generated through the conduct of the Business, programs, software, reports, or other intellectual property and tangible work product, produced by Licensee or any of its Affiliates or their officers, directors, employees, agents, or consultants pursuant to this Agreement, and all prior drafts, derivations or versions thereof, regardless of whether such were incorporated into the Business (collectively "Work Product"), shall be and remain the sole and exclusive property of Licensee when produced. No license or right is granted hereunder at any time from Licensee to Licensor whether expressly or by implication, estoppel or otherwise, arising out of or related to Licensee conduct of the Business or any Work Product.

#### **ARTICLE IV CONFIDENTIALITY**

**4.1** Each party acknowledges the other's Confidential Information is unique and valuable and was developed or otherwise acquired by the other at great expense, and that any unauthorized disclosure or use of the other's Confidential Information would cause the other irreparable injury loss for which damages would be an inadequate remedy. The party agrees to hold such Confidential Information in strictest confidence, to use all efforts reasonable under the circumstances to maintain the secrecy thereof, and not to make use thereof other than in accordance with this Agreement, and not to release or disclose Confidential Information to any third party without the other's prior written consent, subject to a court order, or subject to a sublicense consistent with this Agreement and requiring the sublicensee to maintain the Confidential Information in strictest confidence, to use all efforts reasonable under the circumstances to maintain the secrecy thereof, not to make use thereof other than in accordance with the sublicense Agreement, and not to release or disclose Confidential Information to any third party without the other's prior written consent.

**4.2** Each party further acknowledges that any violation of this Section 4. shall constitute a material breach of this License Agreement resulting in irreparable injury to the non-breaching party and agree that, in addition to any and all other rights available to the non-breaching party by law or by this Agreement, the non-breaching party shall have the right to have an injunction entered against the party to enjoin any further violations of this Agreement.

#### **ARTICLE V LICENSE FEES AND REPORTING**

**5.1** In consideration of the Licenses granted hereunder, the Licensee shall pay to Licensor a royalty in the amount of [\*\*\*] of the Licensee's Cash Sales. Royalties with respect to Cash Sales shall be paid monthly to Licensor within [\*\*\*] of the end of the applicable month. Payments will be made in U.S. Dollars.

**5.2** Licensee shall render to Licensor, a written statement, in such form as Licensor may reasonably request, setting forth the Trainings sold during each month Accounting Period, the applicable sales price, and such other information as Licensor may reasonably request to verify the royalty payments due hereunder. Such statement shall be provided whether or not a royalty payment for the Accounting Period is to be made. The Licensee shall keep such written records respecting the sales of Trainings as Licensor may reasonably request so that royalties payable hereunder may be accurately determined, and shall permit such records to be examined by Licensor or its authorized representative upon reasonable prior written notice at any reasonable time during regular business hours to verify the records, reports and payments herein provided.

**5.3** Licensee shall be responsible for, and shall pay, all sales, value added and similar taxes, if any, which may be imposed on any receipts of the Trainings sold hereunder, as well as any other tax based upon Licensee's use of the Licensed Intellectual Property in connection with the Business.

**5.4** Notwithstanding the foregoing, subject to and in accordance with the terms and conditions of that certain Royalty Payment Agreement dated March 15, 2013 ("RPA") by and between Licensee as "Company" and Licensor as "Holder" (which RPA Licensor and Licensee hereby each ratify and affirm), Licensee may, at its option, issue and deliver and Licensor agrees to accept a convertible promissory note in substantially the form provided for in the RPA (each, a "*Note*" and collectively, the "*Notes*") as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. In addition, the Licensee may, with the consent of Licensor, issue and deliver and Licensor agrees to accept a Note as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. The principal amount of each Note shall equal the portion of such royalty payment that the Company has elected to pay via a Note. Each Note shall automatically convert into shares of Preferred Stock upon a Change of Control as provided in such Note. For purposes of this Agreement, the term "*Preferred Stock*" shall mean shares of the Company's Series A Preferred Stock pursuant to the Certificate of Designation in substantially the form attached provided for in the RPA (the "*Certificate of Designation*"). In the event of a conflict between the terms and conditions of this Agreement and those of the RPA, the term and conditions of the RPA shall control. Licensor and Licensee agree that any subsequent cash payment of royalties under this Agreement shall first be applied to any outstanding balances on the Notes on a first in, first out basis.

**5.5** LICENSOR ACKNOWLEDGED AND AGREES THAT NO REPRESENTATIONS OR STATEMENTS OF ACTUAL, AVERAGE, PROJECTED OR FORECASTED SALES, PROFITS, ROYALTIES, OR EARNINGS HAVE BEEN MADE WITH RESPECT TO THE BUSINESS CONTEMPLATED BY THIS AGREEMENT.

## **ARTICLE VI LICENSEE'S ADDITIONAL OBLIGATIONS**

**6.1** Licensee shall meet the following performance standards:

**6.1.1 Timeliness.** Service Level/Average Speed of Answer. This is how quickly the average telephone call is answered. Licensee's goal is to answer [\*\*\*] calls within [\*\*\*].

**6.1.2 Abandonment or percentage of calls not answered.** Licensee's goal is less than [\*\*\*] **should abandon within** [\*\*\*] of the execution of the definitive license agreement, [\*\*\*] and [\*\*\*]. Licensee will test announcing current hold time to anyone who is placed on hold.

**6.1.3 Responsiveness to satisfy customers who call/write or e-mail or otherwise communicate with a concern or complaint.** Licensee's goal shall be to have an initial response within [\*\*\*] of the time. The goal is to conclude the complaint handling, which would include the customer being notified and agreeing to the handling as quickly as possible. Licensee's goal is to resolve [\*\*\*] of its complaints within [\*\*\*]. Refund requests received in writing will be resolved, meaning an official determination on the refund will be issued within [\*\*\*] of the time. Should the customer issue a rebuttal to the determination, the process will start over again the date of the written rebuttal.

**6.1.4 Lagging Indicators.** Those indicators that if managed correctly, should lead to a reduction in certain areas of customer complaints and a resultant rise in overall customer satisfaction.

**6.1.5 Source of Complaints.** Customer Complaints from the following sources should be reviewed and categorized in order to understand how the organizations of people or processes need to be improved to avoid receiving a similar complaint in the future:

- a. Any of the Rich Dad Personalities
- b. Licensor
- c. Any Attorney General Complaint
- d. Any Complaint from a Private Attorney
- e. Any Better Business Bureau ("BBB") Complaint

**6.2.** Licensee shall report on each of the above performance standards on a weekly basis, in a form suitable to Licensor, in Licensor's discretion, subject to change by Licensor from time-to-time.

## **ARTICLE VII QUALITY CONTROL**

**7.1.** Licensee shall provide Licensor, without charge, additional samples of each item of Educational Materials from time to time as Licensor may request.

**7.2.** At the expense of Licensee, Licensor shall have the right to audit seminar quality through attendance as follows: Up to [\*\*\*] fulfillment seminars per year and up to [\*\*\*] advanced training seminars per year.

**7.3.** Licensor shall provide Licensee with access to at least [\*\*\*] Licensor employee with current knowledge of Licensor, the Licensed Intellectual Property, and Licensor's brand marketing strategies.

**7.4.** Licensee shall provide Licensor, and the Rich Dad Personalities access to Licensee employees, subject matter experts and independent contractors for the purpose of providing feedback between the parties related to seminar content and presentations, marketing and advertising review support, and product development and integration related to the Licensor brand and Licensor customers; provided that Licensor and Licensor's Affiliates shall not directly or indirectly solicit, hire or interfere with the relationship of Licensee and such employees and to keep confidential any information relating to Licensee and furnished to Licensor, using the same degree of care as Licensee uses to protect its own confidential information. Notwithstanding the foregoing, Licensor may also work with subject matter experts and independent contractors on activities, events and projects unrelated to Licensee.

## **ARTICLE VIII BOARD MEMBERSHIP**

**8.1.** Licensor and Licensee each acknowledge and agree that Licensee, acting through its Board of Directors, appointed Anthony C. Humpage to the Licensee's Board of Directors as the Licensor's Designee. Henceforth, Licensee agrees to (i) include in its annual proxy statements (or any other solicitations of stockholder consent) the nomination and recommendation of the BOD that the shareholders approve the re-election or appointment, as the case may be, of the Licensor Designee to the Licensee's Board of Directors and (ii) use its reasonable best efforts to obtain such approval.

**8.2.** If at any time Licensor shall notify Licensee of its desire to remove, with or without cause, any Licensor Designee, the Licensee, as the case may be, shall use its reasonable best efforts to cause the removal of such Licensor Designee from the Licensee Board.

**8.3.** If at any time any Licensor Designee ceases to serve on the Licensee Board (whether by reason of death, resignation, removal or otherwise), Licensor shall be entitled to designate a successor director to fill the vacancy created thereby, Licensee shall use its best efforts without any undue delay to cause such successor to become a director of the Licensee, respectively.

**8.4.** Licensee covenants and agrees that so long as the Licensor Designee shall continue to serve on the Licensee's Board of Directors, and thereafter so long as the Licensor Designee shall be subject to any possible proceeding by reason of the fact that the Licensor Designee served on the Licensee's Board of Directors, Licensee, subject to Section 8.4.1, shall promptly obtain and maintain in full force and effect Director's and Officer's liability insurance ("D&O Insurance") in reasonable amount, but not event less than [\*\*\*], from established and reputable insurers. In all policies of D&O Insurance, the Licensor Designee shall be named as an insured in such a manner as to provide the Licensor Designee the same rights and benefits as are accorded to the most favorably insured of the Licensee director. Upon reasonable request, Licensee shall provide Licensor Designee or his or her counsel with a copy of all D&O Insurance applications, binders, policies, declarations, endorsements and related materials.

**8.5** Section 8.4 notwithstanding, the Licensee shall have no obligation to obtain or maintain D&O Insurance if the Licensee's Board of Directors determines in good faith by a two thirds (2/3) majority of its members, that the premium costs for such insurance are substantially disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Licensee is covered by similar insurance maintained by a subsidiary of Licensee. In making any determination to eliminate or reduce D&O Insurance coverage, the Board shall seek the advice of independent legal counsel or other advisors experienced in the review and analysis of D&O coverage.

**8.6.** Promptly after (i) learning of facts and circumstances that may give rise to a proceeding, Licensee shall notify its D&O Insurance carriers, if such notice required by the applicable policies, and any other insurance providing applicable insurance coverage to the Licensee, of such facts and circumstances, or (ii) receiving notice of a proceeding, whether from Licensor Designee or otherwise, Licensee shall give prompt notice to its D&O Insurance carriers and any other insurance providing applicable insurance coverage to the Licensee in accordance with the requirements of the respective insurance policies. Licensee shall thereafter take all appropriate action to cause such insurance carriers to pay on behalf of Licensor Designee, all expenses incurred or to be incurred, and liability incurred, by Licensor Designee with respect to such proceedings in accordance with the terms of the applicable D&O Insurance policies.

**8.7.** Any of obligation of Licensee pursuant to this Article VIII (other than Sections 8.4 and 8.6, which shall survive according to their terms) shall be effective following the Effective Date and shall terminate and be of no further force or effect upon the expiration or early termination of this Agreement.

## **ARTICLE IX WARRANTIES AND REPRESENTATIONS**

**9.1** Licensor warrants and represents that:

**9.1.1** It is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Nevada with all requisite power and authority to execute, deliver and perform this Agreement.

**9.1.2** All necessary actions on the part of Licensor have been duly taken to authorize the execution, delivery, and performance of the Agreement by Licensor.

**9.1.3** This Agreement has been duly authorized, executed, and delivered by Licensor, constitutes the legal, valid, and binding obligation of Licensor and is enforceable in accordance with its terms.

**9.1.4** It has the right to grant the licenses and enter into this Agreement without seeking the approval or consent of any third party and without payments to any third party;

**9.1.5** There are no existing or threatened claims or proceedings by any entity relating to the Licensed Intellectual Property or challenging Licensor's ownership of the same;

**9.1.6** None of the Licensed Intellectual Property are subject to any outstanding order, decree, judgment, stipulation, written restriction, undertaking or agreement limiting the scope or use of the Licensed Intellectual Property or declaring any of it abandoned;

**9.1.7** The Licensed Intellectual Property, or any portion thereof, does not interfere with, infringe, or misappropriate, or violate the intellectual property right of any third party and Licensor has not received any charge, complaint, claim, or notice alleging any such interference, infringement, misappropriation or violation nor does Licensor have any knowledge that any such charge or claim may be forthcoming; and

**9.1.8** Any trade secrets comprising part of the Licensed Intellectual Property have been properly maintained as trade secrets.

**9.2** Licensee warrants and represents that:

**9.2.1** It is a corporation duly organized, validly existing, and in good standing under the laws of the state of Colorado, with all requisite corporate power and authority to execute, deliver and perform this Agreement.

**9.2.3** All necessary corporate proceedings of Licensee have been duly taken to authorize the execution, delivery, and performance of the Agreement by Licensee.

**9.2.4** This Agreement has been duly authorized, executed, and delivered by Licensee, constitutes the legal, valid, and binding obligation of Licensee and is enforceable in accordance with its terms.

**9.2.5** Licensee has all rights necessary and is fully authorized to enter into and perform under this Agreement; and

**9.2.6** There are no existing or threatened claims or proceedings by any entity against Licensee that would impair Licensee's ability to perform under this agreement.

**ARTICLE X**  
**TERM AND TERMINATION**

**10.1** The license hereunder shall commence upon the Effective Date and shall expire on the [\*\*\*]anniversary thereof; provided however, that if the effective date is not the first day of a calendar month then the Term shall expire on the last day of the calendar month in which [\*\*\*] anniversary of the Effective Date occurs. Notwithstanding the foregoing, the Term shall automatically renew for successive one year periods unless either party provided written notice of termination not less than [\*\*\*]prior to the expiration of the then current Term unless sooner terminated pursuant to Section 10.2.

**10.2** The license hereunder may be terminated at any time:

**10.2.1.** By either party in the event of a breach of this Agreement by another party that is susceptible of cure, immediately, upon the end of a [\*\*\*] period after written notice of such breach to the breaching party, if such breach is not cured within the [\*\*\*] period; provided, however, as long as the breaching party is diligently attempting to cure such breach for such [\*\*\*]period, such cure period shall be extended by an additional period as may be required to cure such violation, but in no event more than an additional [\*\*\*].

**10.2.2.** By either party, immediately, if the other party becomes insolvent, makes an assignment for the benefit of its creditors, or becomes the subject of any bankruptcy or insolvency proceedings, and such proceedings are not removed within sixty (60) days of their initiation.

**10.2.3.** By either party, if the other party ceases to do business.

**10.2.4.** By Licensee, immediately, in the event Licensee is enjoined from using any of the Licensed Intellectual Property by a court of competent jurisdiction.

**10.2.5.** By Licensee, upon the occurrence of a **Change in Control Of Licensor Event**. For the purposes of this Agreement, the term "Change in Control of Licensor Event" shall mean"

**10.2.5.1.** any person (other than any of the Rich Dad Personalities, or any company owned, directly or indirectly, by the Rich Dad Personalities in substantially the same proportions as their membership interests of Licensor), is or becomes the **Owner** (as hereinafter defined), directly or indirectly, of membership interests of Licensor representing [\*\*\*] or more of the membership interests of Licensor;

**10.2.5.2.** a merger, consolidation, reorganization, or other business combination of Licensor with any other entity, other than a merger or consolidation which would result in the membership interests of the Rich Dad Personalities existing immediately prior thereto continuing to represent (either by continuing to exist or by being converted into membership interests or voting securities, as the case may be, of the surviving entity) more than [\*\*\*] of the combined membership interests or voting power of the voting securities of Licensor or such surviving entity outstanding immediately after such merger or consolidation; or

**10.2.5.3.** the members of Licensor approve a plan of complete liquidation of Licensor or the consummation of the sale or disposition by Licensor of all or substantially all of Licensor's assets other than (x) the sale or disposition of all or substantially all of the assets of Licensor to a person or persons who the Owner, directly or indirectly, of at least [\*\*\*] or more of the combined membership interests of Licensor at the time of the sale or (y) pursuant to a spinoff type transaction, directly or indirectly, of such assets to the members of Licensor.

**10.2.5.4.** For the purposes of this Section 10.2.5, the term "Owner" means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (i) the power to vote, or to direct the voting of such membership interest, or (ii) the power to dispose, or to direct the disposition of, such membership interest.

**10.3** Notwithstanding anything else in this Agreement to the contrary, the Term of this Agreement shall terminate, without further action of either Licensor or Licensee, upon the occurrence of a **Change in Control of Licensee Event**. For the purposes of this Agreement, the Term "Change in Control of Licensee Event" shall mean:

**10.3.1.** any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, (other than Licensor, Licensee, any trustee or other fiduciary holding securities under any employee benefit plan of Licensee, or any company owned, directly or indirectly, by the shareholders of Licensee in substantially the same proportions as their ownership of common stock of Licensee), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Licensee representing [\*\*\*] or more of the combined voting power of Licensee's then outstanding securities;

**10.3.2.** during any period of [\*\*\*], individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with Licensee to effect a transaction described in paragraph (a), (c), or (d) of this Section) whose election by the Board or nomination for election by Licensee's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the [\*\*\*] or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

**10.3.3.** a merger, consolidation, reorganization, or other business combination of Licensee with any other entity, other than a merger or consolidation which would result in the voting securities of Licensee outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than [\*\*\*] of the combined voting power of the voting securities of Licensee or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of Licensee (or similar transaction) in which no person [\*\*\*] or more of the combined voting power of Licensee's then outstanding securities shall not constitute a Change in Control; or

**10.3.4.** the shareholders of Licensee approve a plan of complete liquidation of Licensee or the consummation of the sale or disposition by Licensee of all or substantially all of Licensee's assets other than (x) the sale or disposition of all or substantially all of the assets of Licensee to a person or persons who beneficially own, directly or indirectly, at least [\*\*\*] or more of the combined voting power of the outstanding voting securities of Licensee at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of Licensee.

**10.4** Upon termination of the license hereunder, all rights and privileges in and to the Licensed Intellectual Property granted to the Licensee herein shall automatically revert to Licensor or its nominee, and the Licensee shall immediately cease any use thereof.

**10.5** Licensee shall, for a period of [\*\*\*] ("Sell-Off Period") following the effective date of termination of the license granted by Licensor hereunder, have the right to fulfill commitments made to customers during the Term. The provisions of this Agreement shall apply with full force and effect during the Sell-Off Period. Upon expiration of the Sell-Off Period, Licensee shall immediately cease and desist from using or displaying any forms of advertising containing any of the Licensed Marks.

**10.6** Section 3.7; and Articles IV (Confidentiality); IX (Warranties and Representations); XI (Indemnification); and XIII (Miscellaneous) hereof shall survive termination (for any reason) of this Agreement.

#### **ARTICLE XI INDEMNIFICATION**

**11.1** Each party shall defend, indemnify and hold harmless the other party and their respective Affiliate and their respective officers, directors, agents, contractors, employees, successor, and assigns from and against all claims, demands or causes of action, as well as any and all damages, expenses, costs, interest and reasonable legal fees, including such fees incurred on appeal, in any way related to, arising out of or connected with a breach of the indemnifying party's representations, warranties or covenants under this Agreement.

**11.2** EXCEPT FOR AMOUNTS PAYABLE TO THIRD PARTIES IN CONNECTION WITH CLAIMS SUBJECT TO THE INDEMNIFICATION PROVISIONS OF SECTION 9.1 OR A BREACH OF EITHER PARTY'S OBLIGATIONS UNDER SECTION 5, NEITHER PARTY WILL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR ANY OTHER SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT EVEN IF THE PARTY HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

**ARTICLE XIII  
INDEPENDENT DEVELOPMENT**

Nothing in this Agreement shall be construed as restricting Licensee's right or ability to acquire, license, develop, manufacture or distribute for itself, or have others acquire, license, develop, manufacture or distribute for Licensee, adult education products and services, or technology performing the same or similar functions as the adult education products and services, or technology contemplated by this Agreement, or to market or distribute such same or similar adult education products and services, or technology in addition to, or in lieu of, the adult education products and services, or technology contemplated by this Agreement including, whether in the conduct of the Business or otherwise.

**ARTICLE XIII  
MISCELLANEOUS**

**13.1. No Waiver.** The failure of any party to this Agreement to enforce any particular provision of this Agreement at any time shall not be construed as a waiver of such provision or provisions for any future dealing between the parties; nor shall it in any way affect the validity of this Agreement or any portion thereof, or any party's ability to enforce such provision at any time in the future. No party's failure to act on a breach by the other party shall be construed as a future waiver of any subsequent breach of the same or other provisions of this Agreement.

**13.2. Notices.** All notices and other written communications required to be given under this Agreement shall be in writing and shall be delivered to the addressee in person, mailed by registered or certified mail, return receipt requested, or by reputable overnight courier. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered, if delivered personally, or, if sent by certified or registered mail, three days following the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, postage and charges prepaid. The addresses of the parties (until written notice of change shall have been given) shall be as follows:

To Licensor \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Licensee: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**13.3. Alternative Dispute Resolution.** Unless the parties expressly agree otherwise in writing, any dispute, controversy or claim between the parties related to interpretation or enforcement of this Agreement will be determined by binding arbitration in accordance with the rules of Judicial and Administrative Mediation Services (hereinafter "**JAMS**"). If the parties cannot agree on a JAMS arbitrator **20 calendar days** after notification of the claim, JAMS will appoint an arbitrator to hear the matter and not by court action. The parties shall share equally all initial costs of arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Notwithstanding the above, claims related to termination of this Agreement, intellectual property, confidentiality and/or injunctive relief will not be subject to arbitration. The prevailing party shall be entitled to reimbursement of attorneys' fees, costs, and expenses incurred in connection with the arbitration or litigation.

**13.4. Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Arizona, without regard to federal or state choice of law principles.

**13.5. Choice of Forum.** Any action brought to enforce or interpret the terms of this Agreement shall be brought exclusively in either the Superior Court of the State of Arizona in and for the County of Maricopa; or the United States District Court for the District of Arizona, located in Phoenix, Arizona.

**13.6. Amendment.** This Agreement, including all exhibits attached hereto, may not be amended or modified except by a document signed by all parties. Such Amendments or Addenda shall specifically reference this Agreement and, to the extent that existing rights or obligations are modified, shall specifically identify the Section(s) of this Agreement affected by the Amendment or Addendum.

**13.7. Representation by Attorney.** Each party to this Agreement has either: (a) been represented by an attorney of their choice in connection with the negotiation and execution of this Agreement; or (b) declined to be so represented by an attorney after having a reasonable opportunity to secure such representation.

**13.8. Entire Agreement.** This Agreement, along with any attachments, exhibits, schedules and documents specifically referenced herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior communications, writings and other documents with regard thereto. No modification, amendment or waiver of any provision hereof shall be binding upon either party hereto unless it is in writing and executed by both of the parties hereto or, in the case of a waiver, by the party waiving compliance.

**13.9. No Assignment.** Neither party may assign this Agreement without the other party's prior written consent. Notwithstanding the foregoing, either party may assign this Agreement without the other party's prior written consent in the event of a merger, acquisition, reorganization, change in control, or sale of substantially all of the assets or business of such assigning party. Any assignment in conflict with this provision shall be void.

**13.10. Further Documents.** The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement. Without limiting the generality of the foregoing, the parties shall each execute and deliver such instruments as are necessary to terminate, as of the Effective Date, that certain **Rich Dad Operating Company, LLC Licensing Agreement** and such other agreements between the parties executed pursuant, including, but not limited to, a termination of the **Cash Collateral Account, Escrow and Security Agreement**, and to issue joint instructions to **Escrow Agent** to release all funds in the **Cash Collateral Account** to Licensee. For the purposes of this paragraph, terms that in bold font shall be given the meaning ascribed to them in the **Cash Collateral Account, Escrow and Security Agreement**.

**13.11. Relationship of the Parties.** Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between the parties. None of the provisions contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship specified in this Agreement.

**13.12. Captions.** The division of this Agreement into and the use of captions for paragraphs are for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

**13.13. Severability.** In the event any provision of this Agreement or the application of any provision shall be held by a tribunal of competent jurisdiction to be contrary to law, then, the remaining provisions of this Agreement shall be unimpaired, and the illegal, invalid or unenforceable provision shall be replaced by a provision, which, being legal, valid and enforceable, comes closest to the intent of the parties underlying the illegal, invalid or unenforceable provision. In any event, an illegal, invalid or unenforceable provision shall not affect the enforceability or the validity of the remaining terms or portions thereof, and each such unenforceable or invalid provision or portion thereof shall be severable from the remainder of this Agreement.

**13.14. Cost of Enforcement.** If a party commences any arbitration, action at law or in equity, or for declaratory relief, in appellate proceedings, to secure or protect any rights under, or to enforce any provision of, this Agreement, then, in addition to any judgment, order, or other relief obtained in such proceedings, the prevailing party shall be entitled to recover from the losing party all reasonable costs, expenses, and attorneys' fees incurred by the party in connection with such proceedings, including, attorneys' fees incurred for consultation and other legal services performed prior to the filing of such proceeding.

**13.15. Successors.** The terms of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the successors, assignees, and transferees of the parties hereto.

**13.16. No Intended Third Party Beneficiaries.** The parties acknowledge and agree that there are no intended third party beneficiaries of this Agreement, including without limitation, other licensees of the Rich Dad brand and intellectual property or students of the Business.

**13.17. Counterparts/facsimile.** This Agreement may be executed in **2 or more** counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute a single instrument. This Agreement may be executed by any party by delivery of a facsimile signature, which shall have the same force and effect as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other parties; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile.

**13.18. Board Approval.** Licensor acknowledges and agrees that the effectiveness and enforceability of this Agreement are subject to the ratification of the Board of Directors of Licensee.

**Rich Dad Operating Company, LCC**

By: /s/ Michael R. Sullivan  
Name: Michael R. Sullivan  
Title: Chief Executive Officer

**Tigrent Inc.**

By: /s/ Anthony C. Humpage 08/2013  
Name: Anthony C. Humpage  
Title: Chief Executive Officer

**Settlement Agreement, Release And  
Amendment to License Agreement**

This Settlement Agreement, Release and Amendment to License Agreement (“Agreement”) is made by and between (1) Tigrent Inc., a Colorado corporation (“Tigrent”) on the one hand, and (2) Rich Dad Operating Company, LLC, a Nevada limited liability company (“RDOC”), Robert Kiyosaki, in his individual capacity (“R. Kiyosaki”), Darren Weeks, in his individual capacity (“Weeks”), and 1780341 Alberta Ltd., d/b/a Rich Dad:Global Entrepreneurs Organization or Rich Dad GEO (“RD:GEO”) on the other hand. Tigrent, RDOC, R. Kiyosaki, Weeks and RD:GEO are collectively referred to as the “Parties” and individually as a “Party.” This Agreement shall be effective as of April 22, 2014 (“Effective Date”) when executed by all Parties.

**Recitals**

**A.** RDOC is the owner or licensee, for certain purposes, of valuable intellectual property relating to the Rich Dad name and brand developed by R. Kiyosaki. In September 2013, RDOC and Tigrent entered a License Agreement (“License Agreement”) whereby, among other privileges and obligations, RDOC granted Tigrent “the sole and exclusive right and license in and to the Licensed Intellectual Property for the purpose of allowing [Tigrent] to (i) develop and create Educational Materials and (ii) conduct the Business in the Territory by itself and through its subsidiaries and affiliates.” [Capitalized terms are defined in the License Agreement.] A copy of the License Agreement is attached as **Exhibit 1**.

**B.** In March 2014, Tigrent discovered what it believes are violations and infringements upon its rights under the License Agreement by RDOC, R. Kiyosaki, Weeks and RD:GEO In connection with their creation or support of RD:GEO. On March 20, 2014, Tigrent’s outside counsel delivered a letter ( the “Demand Letter”) to RDOC, R. Kiyosaki and Weeks relating to the alleged infringing activities.

**C.** On March 31, 2014 Tigrent filed a Verified Complaint against RDOC, R. Kiyosaki, Weeks, and RD:GEO in Arizona Superior Court, Maricopa County, captioned Tigrent Inc. v. Rich Dad Operating Company, LLC et. al., Cause No. CV2014-003169 (“the State Court Litigation”). In the State Court Litigation, Tigrent asserted claims for breach of License Agreement, breach of the implied covenant of good faith and fair dealing, tortious interference with, License Agreement, tortious interference with business expectancy, unfair competition and civil conspiracy. Also on March 31, 2014, Tigrent filed a Complaint against Weeks and RD:GEO in the United States District Court for the District of Arizona, captioned Tigrent Inc. v. Weeks et. al., Cause No. 2:14-cv-00660-DGC (“the Federal Court Litigation”). In the Federal Court Litigation, Tigrent asserted violations of 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a) relating to Weeks’s and RD:GEO’s alleged infringement of Tigrent’s rights to the Rich Dad-related trademarks.

**D.** RDOC, R. Kiyosaki, Weeks, and RD:GEO have not answered or otherwise responded to the State Court Litigation or the Federal Court Litigation but generally deny liability for the claims asserted.



E. Tigrent, on the one hand, and RDOC, R. Kiyosaki, Weeks and RD:GEO, on the other hand, without admitting any liability, have fully and finally settled the disputes between them described above and have agreed to the terms set forth in this Agreement in full, complete and final settlement of these disputes between them relating to the alleged infringement of Tigrent's rights under the License Agreement, the issues and events that are the subject of the Demand Letter, the State Court Litigation, and the Federal Court Litigation.

NOW THEREFORE, intending to be legally bound and in consideration of the obligations and promises set forth in this Agreement, the Parties agree as follows:

1. **Incorporation of Recitals.** The Parties affirm that the foregoing Recitals are true and correct, and are incorporated and made part of this Agreement as though set forth in full in this paragraph.

2. **Warranties and Representations.** Each Party expressly and severally represents and warrants:

- a. Such Party is correctly described and named in this Agreement.
- b. Before executing this Agreement, such Party became fully informed of the terms, contents, provisions, and effect of this Agreement.
- c. The signatory to this Agreement signing on behalf of such Party is fully authorized and legally competent to execute this Agreement as the legal, valid and binding act and deed of such Party, and is a duly authorized representative of such Party.
- d. This Agreement is fully and forever binding on, and enforceable against, such Party in accordance with its terms.
- e. The execution and delivery of this Agreement and any other documents, agreements or instruments executed or delivered by such Party pursuant to this Agreement and the consummation of the transactions as provided for in this Agreement or contemplated by this Agreement do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any material agreement or instrument to which such Party is a party or any provision of law, statute, rule or regulation applicable to such Party or any judicial or administrative order or decree by which such Party is bound.
- f. The claims released in this Agreement by such Party were and are, currently owned solely by such Party. All of such Party's claims are free and clear of any and all claims, liens or other encumbrances of any kind or nature, of any other person, and there is no other person who could or should have asserted such claims or joined in any settlement or



compromise of such claims.

- g. Such Party has not assigned, pledged or in any other manner sold, transferred or hypothecated any right, title, interest, cause of action, or claim that arises out of or is provided to be released by such party pursuant to this Agreement.
- h. In entering into and signing this Agreement, such Party has had the benefit of the advice of attorneys of such Party's own choosing, and enters into this Agreement freely by such Party's own choosing and judgment, and without duress or other influence.
- i. Such Party represents that it has not relied upon, and will not rely upon, any statements, acts or omissions by the other Party, other than as set forth in this Agreement, in making its decision to enter into this Agreement.
- j. This Agreement is duly executed by such Party with full knowledge and understanding of its terms and meaning, on such Party's own judgment and upon the advice of such Party's attorneys and financial and tax advisors.

Such Party acknowledges that its foregoing representations are a material inducement to the other Parties to enter into this Agreement

**3. RDOC, R. Kiyosaki, Weeks and RD:GEO Agree Not to Infringe.** In recognition of Tigrent's valuable rights under the License Agreement, the Parties agree as follows:

**A.** RDOC, R. Kiyosaki, Weeks, and RD:GEO agree to honor and not in any way infringe upon Tigrent's rights under the License Agreement, as amended. Weeks also agrees to not in any way infringe upon Tigrent's rights under the License Agreement, both individually and in connection with Weeks's "Fast Trade to Cash Flow" and "Wealth Community" ventures. This prohibition against any infringement upon Tigrent's rights under the License Agreement includes, but is not limited to, any further use of the Rich Dad name, brand, trademarks and other Licensed Intellectual Property, or reference to or recognition of Weeks as "Rich Dad Canada," "Rich Dad in Canada," or any similar title, designation or affiliation relating to Rich Dad. However, Weeks can use the Rich Dad name, brand, trademarks and other Licensed Intellectual Property to promote a Rich Dad Personality or Rich Dad Advisor for a live in-person event at which the Rich Dad Personality or Rich Dad Advisor is appearing.

**B.** RDOC shall at all times cooperate fully with Tigrent to protect and prevent infringement of Tigrent's rights under the License Agreement, as amended..

**4. Reimbursement of Tigrent's Attorneys' Fees and Expenses.** RDOC shall reimburse Tigrent for all attorneys' fees and expenses Tigrent incurred in connection



with seeking to enforce and prosecute its rights under the License Agreement in connection with Tigrent's Demand Letter, the State Court Litigation and the Federal Court Litigation. Tigrent's attorneys' fees and expenses incurred in these matters through March 31, 2014 total [\*\*\*]. No later than three (3) business days after the Effective Date of this Agreement, RDOC shall pay Tigrent this sum of [\*\*\*] directly by wire transfer to Tigrent's counsel, Cohen Kennedy Dowd & Quigley, P.C. ("CKDQ"), pursuant to wiring instructions to be separately provided by CKDQ to RDOC's counsel. Tigrent acknowledges that it has received RDOC check number [\*\*\*] in the amount of [\*\*\*] in partial payment of the aforementioned [\*\*\*]. RDOC shall also reimburse Tigrent for the attorneys' fees and expenses that Tigrent incurs after March 31, 2014 in connection with Tigrent's Demand Letter, the State Court Litigation and the Federal Court Litigation, including any attorneys' fees and expenses incurred in connection with the negotiation and preparation of this Agreement. Tigrent may, but is not obligated to, deduct any sums payable to it under this Section 4 from royalties otherwise payable under the License Agreement.

**5. Actions Relating to RD:GEO.** RDOC, R. Kiyosaki, and Weeks by this Agreement, individually and jointly agree to cease all use of the RD:GEO name in any manner or for any purpose for as long as a licensing relationship exists between RDOC and Tigrent.

**6. Amendments to License Agreement.** Simultaneously with the execution of this Agreement, RDOC and Tigrent shall execute and deliver to the other a First Amendment to Rich Dad Operating Company, LLC License Agreement in the form attached as **Exhibit 2**.

**7. Termination of Credit Agreement and RDOC's Forgiveness of Notes Owed by Tigrent.** RDOC by this Agreement cancels, forgives and releases Tigrent from, any and all past, present, and future obligations of Tigrent under that certain Rich Dad Operating Company, LLC Credit Agreement dated March 25, 2011 (the "Credit Agreement"), a copy of which is attached as **Exhibit 3**, and that certain Promissory Note dated March 25, 2011 in the original principal amount of [\*\*\*] issued by Tigrent to RDOC pursuant to the Credit Agreement ("Promissory Note.") A copy of the Promissory Note is attached as **Exhibit 4**.

**8. Rich Dad Titles or Designations.** RDOC shall provide a copy of the License Agreement, as amended, to all Rich Dad Advisors, as defined in the License Agreement for the purpose of informing the Rich Dad Advisors of Tigrent's rights.

**9. RDOC's Grant of Proxy to Tigrent.** RDOC acknowledges that it is the beneficial owner of [\*\*\*] shares of common stock of Tigrent ("RDOC's Shares"). RDOC by this Agreement appoints Tigrent, as Proxy, with full power of substitution, to vote the RDOC Shares, or any of them, on matters coming before any special or annual meetings of Tigrent shareholders occurring in 2014 and 2015, and on matters incidental to such meetings. RDOC acknowledges and agrees that Proxy shall vote RDOC's Shares, if at all, in a manner believed by Proxy, in Proxy's sole and absolute discretion, to be in the best



interests of Tigrent's shareholders as a whole, and that Proxy owes no duty or obligation to RDOC to vote RDOC's Shares in a manner beneficial to the specific interests of RDOC. RDOC shall not make any claim or demand or seek any liability or damages in connection with Proxy's exercise of this proxy.

**10. Confidentiality.** The Parties agree to keep the terms and conditions of this Agreement confidential, except as necessary to effectuate its provisions or as required by law, rule, regulation, court order, tax or other reporting requirement, or as agreed to by the Parties in writing.

**11. Releases.**

**A. Release of RDOC, R. Kiyosaki, Kim Kiyosaki, Weeks and RD:GEO.** Except as provided in this Agreement, Tigrent, on behalf of itself and any and all owners, partners, employees, agents, parents, subsidiaries, representatives, officers, directors, affiliates, attorneys, predecessors, successors and assigns of those entities and individuals, irrevocably and unconditionally releases and forever discharges RDOC, R. Kiyosaki, Kim Kiyosaki, Weeks and RD:GEO, and their past and present owners, employees, agents, spouses, officers, directors, representatives, affiliates, attorneys, predecessors, successors and assigns, from any and all manner of actions, causes of action, claims, lawsuits, debts, dues, sums of money, accounts, judgments, obligations, contracts, liabilities, agreements, promises and damages of whatever kind or nature, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, contingent or fixed, liquidated or unliquidated, known or unknown, whether at law or in equity that are the subject of or relate to matters that are the subject of the Demand Letter, State Court Litigation and the Federal Court Litigation. This release does not extend to any rights granted under this Agreement, to any claims or causes of action arising from a breach of this Agreement, or to claims arising from actions which occur after the Effective Date of this Agreement.

**B. Release of Tigrent.** Except as provided in this Agreement, RDOC, R. Kiyosaki, Kim Kiyosaki, Weeks, and RD:GEO, on behalf of themselves and any and all owners, partners, employees, parents, officers, directors, subsidiaries, spouses, agents, representatives, affiliates, attorneys, predecessors, successors and assigns of those entities and individuals, irrevocably and unconditionally release and forever discharge Tigrent, and its past and present owners, employees, agents, officers, directors, representatives, affiliates, attorneys, predecessors, successors and assigns, from any and all manner of actions, causes of action, claims, lawsuits, debts, dues, sums of money, accounts, judgments, obligations, contracts, liabilities, agreements, promises and damages of whatever kind or nature, foreseen or unforeseen, matured or unmatured, accrued or unaccrued, contingent or fixed, liquidated or unliquidated, known or unknown, whether at law or in equity that are the subject of or relate to matters that are the subject of the Demand Letter, State Court Litigation and the Federal Court Litigation. This release does not extend to any rights granted under this Agreement, to any claims or causes of action arising from a breach of this Agreement, or to claims arising from actions which occur after the Effective Date of this Agreement.



12. **Dismissal of Litigations with Prejudice.** Upon full execution of this Agreement, the Parties agree to dismiss the State Court Litigation and the Federal Court Litigation in their entirety with prejudice. Accordingly, upon execution of this Agreement, the Parties shall exchange executed Stipulations for Dismissal With Prejudice and related Orders with respect to the State Court Litigation and the Federal Court Litigation, in the forms attached as **Exhibit 5**, which may be held by Tigrent's counsel until payment of the amount set forth in Paragraph 4 of this Agreement is received by Tigrent's counsel. Upon receipt by Tigrent's counsel of this payment, Tigrent shall promptly file the Stipulations and Orders with the Courts in the State Court Litigation and the Federal Court Litigation. The Parties shall work cooperatively and in good faith to file any other documents as necessary to effectuate the dismissals with prejudice.

13. **Choice of Law.** This Agreement, and all rights and obligations arising from it, shall be governed by, and construed and enforced in accordance with, the laws of the State of Arizona without application of Arizona's choice of law rules.

14. **Successors.** The rights and obligations created by this Agreement inure to and benefit the respective successors of the Parties. The obligations created under this Agreement are binding on any successor to a Party.

15. **Assigns.** The rights and obligations created under this Agreement are not assignable by any Party without the written consent of the other Parties.

16. **Waiver.** No breach of any promise in this Agreement can be waived unless done expressly and in writing. Express waiver of any one breach shall not be deemed a waiver of any other breach of the same or any other provision of this Agreement. Further, any delay or omission in enforcing a right created under this Agreement shall not constitute a waiver of that right, and shall not operate to bar the enforcement of that right. Any waiver of a default in performance of an obligation created under this Agreement shall not operate as a waiver of, or excuse any subsequent default in, performance.

17. **Counterparts.** This Agreement may be executed in counterparts. Execution of this Agreement may be accomplished through electronic transmission of a scanned copy of the applicable signature page. When a counterpart has been executed and delivered by each Party, all counterparts together shall constitute an original binding instrument; provided, however, that this Agreement shall be binding on and enforceable against each Party that has executed and delivered a counterpart immediately upon such delivery even if all Parties have not delivered executed and delivered a counterpart.

18. **Entire Agreement.** This Agreement, the License Agreement, and the First Amendment to the License Agreement contain the full and complete statement of the agreement between the Parties on the subject matter of these Agreements and supersede any and all prior discussions, arrangements, proposals, or understandings, whether written or oral, between the Parties on the subject matter of these Agreements. The Parties are not relying on any fact, statement, inducement or representation that is not expressly set forth in these Agreements.



19. **Headings.** The paragraph headings used in this Agreement are for convenience and reference only, and are not intended to define or limit the scope or intent of any provision of this Agreement.

20. **Additional Acts.** The Parties agree that each of them shall take such further action and execute such further documents, if any, which may be reasonably requested, appropriate or necessary to implement this Agreement according to its terms or to carry out the purpose of this Agreement.

21. **Severability.** If, after the date of this Agreement, any provision is held to be illegal, invalid or unenforceable, such provision shall be fully severable and the remainder of the Agreement shall remain enforceable and not affected; however, in that event, the Parties will immediately negotiate in good faith to attempt to replace the invalid provision with a comparable term which, to the best of the Parties' abilities, fulfills and effectuates the purpose of the invalid provision.

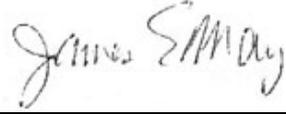
22. **Disputes Concerning Settlement Agreement.** In the event of any conflict, claim or dispute between the Parties concerning the obligations set forth in this Agreement, each Party agrees that the Arizona Superior Court, Maricopa County shall have exclusive jurisdiction over the action and the Parties, unless the Arizona state court lacks subject matter jurisdiction, in which case exclusive jurisdiction will be in the United States District Court, District of Arizona located in Phoenix, Arizona. The Parties agree to submit to the personal jurisdiction of the Arizona Superior Court, Maricopa County and the United States District Court as stated above and agree that venue is proper in these courts. By this Agreement and consistent with the scope of this Section 22, the Parties waive any and all objections and challenges to personal jurisdiction and venue in these courts that might otherwise exist. If any action is brought in connection with this Agreement, the prevailing Party or Parties shall be entitled to receive from the non-prevailing Party or Parties all reasonable expenses, including but not limited to reasonable attorneys' fees and costs, in addition to any other relief to which the successful Party or Parties may be entitled. Costs and attorneys' fees shall be assessed by a court and not by a jury and shall be included in any judgment obtained by the prevailing Party or Parties.

23. **Alteration, Modification or Amendment.** This Agreement shall not be altered, modified or amended except by written agreement signed by the Parties.

A handwritten signature in cursive script, appearing to be 'A. W.', is located in the bottom right corner of the page.

**Tigrent Inc.**

By:



Its: Chief Administrative Officer & General Counsel

**Rich Dad Operating Company, LLC**

By:

\_\_\_\_\_

Its:

\_\_\_\_\_

**Robert Kiyosaki**

\_\_\_\_\_

**Kim Kiyosaki**

\_\_\_\_\_

**Darren Weeks**

\_\_\_\_\_

**1780341 Alberta Ltd. (d/b/a/Rich Dad:  
Global Entrepreneurs Organization)**

By:

\_\_\_\_\_

Its:

\_\_\_\_\_

**Tigrent Inc.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Rich Dad Operating Company, LLC**

By:



Its: CEO \_\_\_\_\_

**Robert Kiyosaki**



**Kim Kiyosaki**



**Darren Weeks**

**1780341 Alberta Ltd. (d/b/a/Rich Dad:  
Global Entrepreneurs Organization)**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Tigrent Inc.**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Rich Dad Operating Company, LLC**

By: \_\_\_\_\_

Its: \_\_\_\_\_

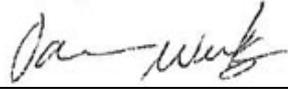
**Robert Kiyosaki**

\_\_\_\_\_

**Kim Kiyosaki**

\_\_\_\_\_

**Darren Weeks**

  
\_\_\_\_\_

**1780341 Alberta Ltd. (d/b/a/Rich Dad:  
Global Entrepreneurs Organization)**

By:   
\_\_\_\_\_

Its: Director  
\_\_\_\_\_

# EXHIBIT 1

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**RICH DAD OPERATING COMPANY, LLC  
LICENSE AGREEMENT**

This **Rich Dad Operating Company, LLC License Agreement** (this “**Agreement**”) by and between **Rich Dad Operating Company, LLC**, a Nevada limited liability company (“**Licensor**”) and **Tigrent Inc.**, a Colorado corporation (the “**Licensee**”), is entered into as of **September 1, 2013** (the “**Effective Date**”).

**WHEREAS**, Licensee is in the business of developing, producing, marketing and delivering adult educational curricula on real estate investment, business development, entrepreneurship, financial investment, asset protection, and personal development;

**WHEREAS**, Licensor owns or otherwise possesses exclusive licenses for certain copyrights, trademarks, patents, and other valuable rights, and the right to license those rights to others;

**WHEREAS**, Licensor and Licensee wish to conduct business together to create, market and promote a Rich Dad Education branded curricula in accordance with the terms and conditions set forth below.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

**ARTICLE I  
DEFINITIONS**

Capitalized words and phrases used in this Agreement that are not otherwise defined herein shall have the meanings set forth below:

**1.1.** The term “**Affiliate**” means an entity controlling, controlled, or under common control with a party. For these purposes, “control” means; (a) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise; or (b) the ownership, directly or indirectly, of at least fifty percent (50%) of the voting securities or other ownership interest of an entity.

**1.2.** The term “**Business**” means developing, marketing, selling, and/or conducting Licensor-branded educational products and services in the **Field** through any form of communication or media including, but not limited to, **Trainings**.

**1.3.** The term “**Cash Sales**” shall mean the gross cash proceeds actually received by Licensee from the sale of **Trainings** as the result of a “**Rich Dad**” branded marketing campaign conducted by Licensee that uses any combination of (i) the **Licensed Marks** (as defined below), (ii) the name, image, or likeness of any of the **Rich Dad Personalities** (as defined below) or **Rich Dad Advisors** (as defined below), or (iii) any “**Rich Dad**” copyrighted or trademarked intellectual property of Licensor, including by way of example, and not limitation, books, video recordings, and audio recordings of any of the **Rich Dad Personalities**. **Cash Sales** shall exclude any merchant fees, taxes, shipping, refunds (e.g., returns, right of rescission, NSF checks, and credit card chargebacks), rebates, bad debt and any sums paid to Legacy Learning, LLC, a Delaware limited liability company, dba Professional Education Institute (“**PEI**”).

**1.4.** The term “**Confidential Information**” means any and all information that is not readily ascertainable by proper means and which derives economic value, actual or potential from not being generally known and which has been the subject of efforts that are reasonable under the circumstances to maintain its secrecy. All information relating to the products or operations of a party, which is provided to the other party, or to which the other party otherwise obtains access, pursuant to, or as a result of, this Agreement shall be treated as Confidential Information hereunder, except such information which the other party can clearly show; (a) at the time of this Agreement is publicly and openly known; (b) after the date of this Agreement becomes publicly and openly known through no fault of the other party; (c) comes into the other party’s possession and lawfully obtained by the other party from a source other than from the party or a source deriving from the party, and not subject to any obligation of confidentiality or restrictions on use; or (d) is approved for release by written authorization of the other party.

**1.5.** The term “**Customer Data**” means documents and other media (whether in human or machine readable form) containing information, regarding customers and prospective customers. Without limiting the generality of the foregoing, the term “Customer Data” shall include customer lists and personally Identifiable information about customers and prospective customers.

**1.6.** The term “**Educational Materials**” means all advertising and promotional materials, handouts, workbooks, presentations, manuals, software programs, and any other literature or material and other collateral items employed, provided, distributed, sold, or otherwise made available in connection with the Business, in any form of communication or media and whether or not in machine or human readable format.

**1.7.** The term “**Exclusive Field of Use**” means live, on-line, or on-demand seminars, webinars, and training courses in the **Field** delivered through any form of communication or media. Excluded from the Exclusive Field of Use are: (i) live, in-person seminars of any kind conducted by Licensor or any affiliate of Licensor at which any of the following are featured speakers: **any of the Rich Dad Personalities**, or any **Rich Dad Advisor**; and (ii) live, in-person classes taught in schools (K-12), colleges or universities to matriculated students as part of an academic curriculum.

**1.8.** The term “**Field**” means real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, entrepreneurship and other financially-oriented subjects.

**1.9.** The term “**Licensed Intellectual Property**” means individually, collectively or in any combination, Licensor’s patents (whether issued or pending), copyrights (whether registered or not), trademarks and trade names (whether registered or unregistered); as well as concepts, developments, trade secrets, methods, systems, programs, improvements, inventions, data and information (whether in perceivable or machine-readable form), source code, works of authorship and products whether or not patentable, copyrightable, or susceptible to any other form of protection, and whether or not reduced to practice or designated by Rich Dad as Licensed Intellectual Property, including, but not limited to the (a) the Proprietary Materials and Information, (b) the Licensed Marks and (c) the name, image, and likeness of the **Rich Dad Personalities**.

**1.10.** The term “**Licensed Marks**” means the Licensor’s current and future trademarks, service marks, and trade dress including.

**1.11.** The term “**Proprietary Materials and Information**” means any and all material provided to Licensee by or on behalf of Licensor, including but not limited to customer lists, products, trade secrets, source codes, development platforms, server system configuration diagrams, lobby server specifications and programs, middleware, Application Program Interface data for middleware or otherwise, unpublished artwork, tools, data and contents related to artwork, whether 2- or 3- dimensional, all original and secondary audio or visual data, as well as any and all other Licensed Intellectual Property and/or information which: (i) is provided to Licensee by or on behalf of Licensor or to which Licensee is provided access by or on behalf of Licensor, (ii) is created developed, or otherwise generated by or on behalf of Licensor, (iii) concerns or relates to any aspect of Licensor business or products, or (iv) is, for any reason, identified or otherwise marked by Licensor as confidential; except such information which Licensee can show, clearly and convincingly: (1) is at the time of disclosure, publicly and openly known as of the Effective Date of this Agreement, (2) becomes publicly and openly known through no fault of Licensee, or (3) is in Licensee’s possession and documented prior to the commencement of the relationship between the parties, lawfully obtained by Licensee from a source other than from Licensor, and not subject to any obligation of confidentiality or restrictions on use, or (4) is approved for release by written authorization of Licensor.

**1.12.** The term “**Rich Dad Advisors**” means” means any authors or co- authors of a work in the “**Rich Dad**”, “**Rich Dad Advisors**”, “**Rich Family**”, “**Rich Woman**”, “**Rich Life**” or similar series of books and all other individuals or concerns directly or in directly related to “**Rich Dad**”, “**Rich Dad Advisors**”, “**Rich Family**”, “**Rich Woman**”, “**Rich Life**” or affiliated brands which may be designated by either Robert T. Kiyosaki or Kim Kiyosaki in his or her sole discretion.

**1.13.** The term “**Rich Dad Personalities**” shall mean Robert Kiyosaki and Kim Kiyosaki.

**1.14.** The term “**Term**” means the period of time from the Effective Date until the Agreement is terminated as provided in Section 8 hereof.

**1.15.** The term “**Territory**” shall mean worldwide.

**1.16.** The term “**Trainings**” shall mean Licensor-branded in person or remote product offerings in the Field to one or more recipients, including seminars, webinars and other computer or internet based trainings, and mentoring as may be offered by Licensee in the conduct of the Business in the Territory and for which a fee is charged by Licensee.

## **ARTICLE II GRANT OF LICENSE**

**2.1.** Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, the sole and exclusive right and license in and to the Licensed Intellectual Property for the purpose of allowing Licensee to (i) develop and create Educational Materials and (ii) conduct the Business in the Territory by itself and through its subsidiaries and affiliates, Such license shall

include, but shall not be limited to, the right to make, use, reproduce, modify, adapt, create derivative works of, translate, distribute (directly and indirectly), transmit, display and perform publicly, license, rent, lease, export, import, offer for sale, sell and commercially exploit the Licensed Intellectual Property, in whole or in part. Licensor understands that Licensee intends to use the Licensed Intellectual Property, at its sole discretion, in connection with the Business, Licensee may, but is not obligated to, to display Licensee's copyright notice on any works or materials containing the License Marks.

**2.2.** Licensee has the right to modify the Licensed Intellectual Property and to create derivative works (the "**Derivative Works**"); provided that such Derivative Works may be used, copied, distributed, performed and/or displayed only in connection with the Business; and provided further that Licensee will not distribute or sublicense products embodying the Derivative Works other than to end users for personal use only and not for re-sale, distribution or re-licensing. Licensee will be deemed the owner of all Derivative Works.

### **ARTICLE III LIMITATIONS, RESTRICTIONS, COVENANTS**

**3.1** During the Term, the Licensee shall not use the Licensed Intellectual Property other than as permitted by this Agreement.

**3.2** Licensor shall not, during the Term grant any third party a license to use the Licensed Intellectual Property within the Exclusive Field of Use. During the term of this Agreement, neither Licensor nor any of its Affiliates may (1) engage, directly or indirectly, in the Exclusive Field of Use, or (2) contact, solicit, or direct any person or entity to contact or solicit, any of the customers of Licensee (or customers set forth in the Customer Data) for the purpose of providing any products or services that are the same or similar to those offered by the Licensee in the Business.

**3.3** Licensee may distribute goods and services embodying the Licensed Intellectual Property to end users for personal use only and not for resale, distribution or re-licensing by such end users.

**3.4** Licensee acknowledges and agrees that, except as otherwise specifically provided for herein, this Agreement grants Licensee no title or right of ownership in or to the Licensed Intellectual Property. Licensee shall not at any time do or cause to be done any act, omission, or thing contesting or in any way impairing or tending to impair any part of Licensor's right, title and interest in the Licensed Intellectual Property.

**3.5** In the event Licensee shall be deemed to have acquired any ownership rights in the Licensed Intellectual Property, the Licensee shall assign, and agrees to execute all documents reasonably requested by Licensor to assign, all such rights in the Licensed Intellectual Property to Licensor or its nominee.

**3.6** Licensee acknowledges the validity of the Licensed Marks. The Licensed Marks (and all versions and derivatives thereof) are owned by Licensor and shall be and remain the

exclusive property of Licensor, All rights in and to the Licensed Marks other than those specifically granted to the Licensee herein, are reserved to Licensor for its own use and benefit. The Licensee shall not acquire any ownership rights in or to the Licensed Marks.

**3.7** Licensee shall own all work product including, but not limited to, ideas, any and all concepts, inventions, designs, trademarks, tradenames, service marks, trade dress, logos, course content, Educational Materials, Customer Data (including client lists) generated through the conduct of the Business, programs, software, reports, or other intellectual property and tangible work product, produced by Licensee or any of its Affiliates or their officers, directors, employees, agents, or consultants pursuant to this Agreement, and all prior drafts, derivations or versions thereof, regardless of whether such were incorporated into the Business (collectively "Work Product"), shall be and remain the sole and exclusive property of Licensee when produced. No license or right is granted hereunder at any time from Licensee to Licensor whether expressly or by implication, estoppel or otherwise, arising out of or related to Licensee conduct of the Business or any Work Product.

#### **ARTICLE IV CONFIDENTIALITY**

**4.1** Each party acknowledges the other's Confidential Information is unique and valuable and was developed or otherwise acquired by the other at great expense, and that any unauthorized disclosure or use of the other's Confidential Information would cause the other irreparable injury loss for which damages would be an inadequate remedy. The party agrees to hold such Confidential Information in strictest confidence, to use all efforts reasonable under the circumstances to maintain the secrecy thereof, and not to make use thereof other than in accordance with this Agreement, and not to release or disclose Confidential Information to any third party without the other's prior written consent, subject to a court order, or subject to a sublicense consistent with this Agreement and requiring the sublicensee to maintain the Confidential Information in strictest confidence, to use all efforts reasonable under the circumstances to maintain the secrecy thereof, not to make use thereof other than in accordance with the sublicense Agreement, and not to release or disclose Confidential Information to any third party without the other's prior written consent.

**4.2** Each party further acknowledges that any violation of this Section 4, shall constitute a material breach of this License Agreement resulting in irreparable injury to the non-breaching party and agree that, in addition to any and all other rights available to the non-breaching party by law or by this Agreement, the non-breaching party shall have the right to have an injunction entered against the party to enjoin any further violations of this Agreement.

#### **ARTICLE V LICENSE FEES AND REPORTING**

**5.1** In consideration of the Licenses granted hereunder, the Licensee shall pay to Licensor a royalty in the amount of [\*\*\*] of the Licensee's Cash Sales. Royalties with respect to Cash Sales shall be paid monthly to Licensor within [\*\*\*] of the end of the applicable month. Payments will be made in U.S. Dollars.

**5.2** Licensee shall render to Licensor, a written statement, in such form as Licensor may reasonably request, setting forth the Trainings sold during each month Accounting Period, the applicable sales price, and such other information as Licensor may reasonably request to verify the royalty payments due hereunder. Such statement shall be provided whether or not a royalty payment for the Accounting Period is to be made. The Licensee shall keep such written records respecting the sales of Trainings as Licensor may reasonably request so that royalties payable hereunder may be accurately determined, and shall permit such records to be examined by Licensor or its authorized representative upon reasonable prior written notice at any reasonable time during regular business hours to verify the records, reports and payments herein provided.

**5.3** Licensee shall be responsible for, and shall pay, all sales, value added and similar taxes, if any, which may be imposed on any receipts of the Trainings sold hereunder, as well as any other tax based upon Licensee's use of the Licensed Intellectual Property in connection with the Business.

**5.4** Notwithstanding the foregoing, subject to and in accordance with the terms and conditions of that certain Royalty Payment Agreement dated March 15, 2013 ("RPA") by and between Licensee as "Company" and Licensor as "Holder" (which RPA Licensor and Licensee hereby each ratify and affirm), Licensee may, at its option, issue and deliver and Licensor agrees to accept a convertible promissory note in substantially the form provided for in the RPA (each, a "*Note*" and collectively, the "*Notes*") as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. In addition, the Licensee may, with the consent of Licensor, issue and deliver and Licensor agrees to accept a Note as payment for [\*\*\*] of each royalty payment owing under the terms of the Licensing Agreement. The principal amount of each Note shall equal the portion of such royalty payment that the Company has elected to pay via a Note. Each Note shall automatically convert into shares of Preferred Stock upon a Change of Control as provided in such Note. For purposes of this Agreement, the term "*Preferred Stock*" shall mean shares of the Company's Series A Preferred Stock pursuant to the Certificate of Designation in substantially the form attached provided for in the RPA (the "*Certificate of Designation*"). In the event of a conflict between the terms and conditions of this Agreement and those of the RPA, the term and conditions of the RPA shall control. Licensor and Licensee agree that any subsequent cash payment of royalties under this Agreement shall first be applied to any outstanding balances on the Notes on a first in, first out basis.

**5.5** LICENSOR ACKNOWLEDGED AND AGREES THAT NO REPRESENTATIONS OR STATEMENTS OF ACTUAL, AVERAGE, PROJECTED OR FORECASTED SALES, PROFITS, ROYALTIES, OR EARNINGS HAVE BEEN MADE WITH RESPECT TO THE BUSINESS CONTEMPLATED BY THIS AGREEMENT,

**ARTICLE VI  
LICENSEE'S ADDITIONAL OBLIGATIONS**

**6.1** Licensee shall meet the following performance standards:

**6.1.1 Timeliness.** Service Level/Average Speed of Answer. This is how quickly the average telephone call is answered. Licensee's goal is to answer [\*\*\*] of the calls within [\*\*\*].

**6.1.2 Abandonment or percentage of calls not answered.** Licensee's goal is less than [\*\*\*] **should abandon within** [\*\*\*] of the execution of the definitive license agreement, [\*\*\*] and [\*\*\*]. Licensee will test announcing current hold time to anyone who is placed on hold.

**6.1.3 Responsiveness to satisfy customers who call/write or e-mail or otherwise communicate with a concern or complaint.** Licensee's goal shall be to have an initial response within [\*\*\*] of the time. The goal is to conclude the complaint handling, which would include the customer being notified and agreeing to the handling as quickly as possible. Licensee's goal is to resolve [\*\*\*] of its complaints within [\*\*\*]. Refund requests received in writing will be resolved, meaning an official determination on the refund will be issued within [\*\*\*] of the time. Should the customer issue a rebuttal to the determination, the process will start over again the date of the written rebuttal.

**6.1.4 Lagging Indicators.** Those indicators that if managed correctly, should lead to a reduction in certain areas of customer complaints and a resultant rise in overall customer satisfaction.

**6.1.5 Source of Complaints.** Customer Complaints from the following sources should be reviewed and categorized in order to understand how the organizations of people or processes need to be improved to avoid receiving a similar complaint in the future:

- a. Any of the Rich Dad Personalities
- b. Licensor
- c. Any Attorney General Complaint
- d. Any Complaint from a Private Attorney
- e. Any Better Business Bureau ("BBB") Complaint

**6.2.** Licensee shall report on each of the above performance standards on a weekly basis, in a form suitable to Licensor, in Licensor's discretion, subject to change by Licensor from time-to-time.

## **ARTICLE VII QUALITY CONTROL**

**7.1.** Licensee shall provide Licensor, without charge, additional samples of each item of Educational Materials from time to time as Licensor may request.

**7.2.** At the expense of Licensee, Licensor shall have the right to audit seminar quality through attendance as follows: Up to [\*\*\*] fulfillment seminars per year and up to [\*\*\*]

advanced training seminars per year.

**7.3.** Licensor shall provide Licensee with access to at least [\*\*\*] Licensor employee with current knowledge of Licensor, the Licensed Intellectual Property, and Licensor's brand marketing strategies.

**7.4.** Licensee shall provide Licensor, and the Rich Dad Personalities access to Licensee employees, subject matter experts and independent contractors for the purpose of providing feedback between the parties related to seminar content and presentations, marketing and advertising review support, and product development and integration related to the Licensor brand and Licensor customers; provided that Licensor and Licensor's Affiliates shall not directly or indirectly solicit, hire or interfere with the relationship of Licensee and such employees and to keep confidential any information relating to Licensee and furnished to Licensor, using the same degree of care as Licensee uses to protect its own confidential information. Notwithstanding the foregoing, Licensor may also work with subject matter experts and independent contractors on activities, events and projects unrelated to Licensee.

## **ARTICLE VIII BOARD MEMBERSHIP**

**8.1.** Licensor and Licensee each acknowledge and agree that Licensee, acting through its Board of Directors, appointed Anthony C. Humpage to the Licensee's Board of Directors as the Licensor's Designee. Henceforth, Licensee agrees to (i) include in its annual proxy statements (or any other solicitations of stockholder consent) the nomination and recommendation of the BOD that the shareholders approve the re-election or appointment, as the case may be, of the Licensor Designee to the Licensee's Board of Directors and (ii) use its reasonable best efforts to obtain such approval.

**8.2.** If at any time Licensor shall notify Licensee of its desire to remove, with or without cause, any Licensor Designee, the Licensee, as the case may be, shall use its reasonable best efforts to cause the removal of such Licensor Designee from the Licensee Board.

**8.3.** If at any time any Licensor Designee ceases to serve on the Licensee Board (whether by reason of death, resignation, removal or otherwise), Licensor shall be entitled to designate a successor director to fill the vacancy created thereby, Licensee shall use its best efforts without any undue delay to cause such successor to become a director of the Licensee, respectively.

**8.4** Licensee covenants and agrees that so long as the Licensor Designee shall continue to serve on the Licensee's Board of Directors, and thereafter so long as the Licensor Designee shall be subject to any possible proceeding by reason of the fact that the Licensor Designee served on the Licensee's Board of Directors, Licensee, subject to Section 8.4., I, shall promptly obtain and maintain in full force and effect Director's and Officer's

liability insurance (“D&O Insurance”) In reasonable amount, but not event less [\*\*\*], from established and reputable insurers. In all policies of D&O Insurance, the Licensor Designee shall be named as an insured in such a manner as to provide the Licensor Designee the same rights and benefits as are accorded to the most favorably insured of the Licensee director. Upon reasonable request, Licensee shall provide Licensor Designee or his or her counsel with a copy of all D&O Insurance applications, binders, policies, declarations, endorsements and related materials.

**8.5** Section 8.4 notwithstanding, the Licensee shall have no obligation to obtain or maintain D&O Insurance if the Licensee’s Board of Directors determines in good faith by a two thirds (2/3) majority of its members, that the premium costs for such insurance are substantially disproportionate to the amount of coverage provided, the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or the Licensee is covered by similar insurance maintained by a subsidiary of Licensee. In making any determination to eliminate or reduce D&O Insurance coverage, the Board shall seek the advice of independent legal counsel or other advisors experienced in the review and analysis of D&O coverage.

**8.6.** Promptly after (i) learning of facts and circumstances that may give rise to a proceeding, Licensee shall notify its D&O Insurance carriers, if such notice required by the applicable policies, and any other insurance providing applicable insurance coverage to the Licensee, of such facts and circumstances, or (ii) receiving notice of a proceeding, whether from Licensor Designee or otherwise, Licensee shall give prompt notice to its D&O Insurance carriers and any other insurance providing applicable insurance coverage to the Licensee in accordance with the requirements of the respective insurance policies. Licensee shall thereafter take all appropriate action to cause such insurance carriers to pay on behalf of Licensor Designee, all expenses incurred or to be incurred, and liability incurred, by Licensor Designee with respect to such proceedings in accordance with the terms of the applicable D&O Insurance policies.

**8.7.** Any of obligation of Licensee pursuant to this Article VIII (other than Sections 8.4 and 8.6, which shall survive according to their terms) shall be effective following the Effective Date and shall terminate and be of no further force or effect upon the expiration or early termination of this Agreement.

## **ARTICLE IX WARRANTIES AND REPRESENTATIONS**

**9.1** Licensor warrants and represents that;

**9.1.1** It is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Nevada with all requisite power and authority to execute, deliver and perform this Agreement.

**9.1.2** All necessary actions on the part of Licensor have been duly taken to authorize the execution, delivery, and performance of the Agreement by Licensor.

**9.1.3** This Agreement has been duly authorized, executed, and delivered by Licensor, constitutes the legal, valid, and binding obligation of Licensor and is enforceable in accordance with its terms.

**9.1.4** It has the right to grant the licenses and enter into this Agreement without seeking the approval or consent of any third party and without payments to any third party;

**9.1.5** There are no existing or threatened claims or proceedings by any entity relating to the Licensed Intellectual Property or challenging Licensor's ownership of the same;

**9.1.6** None of the Licensed Intellectual Property are subject to any outstanding order, decree, judgment, stipulation, written restriction, undertaking or agreement limiting the scope or use of the Licensed Intellectual Property or declaring any of it abandoned;

**9.1.7** The Licensed Intellectual Property, or any portion thereof, does not interfere with, infringe, or misappropriate, or violate the intellectual property right of any third party and Licensor has not received any charge, complaint, claim, or notice alleging any such interference, infringement, misappropriation or violation nor does Licensor have any knowledge that any such charge or claim may be forthcoming; and

**9.1.8** Any trade secrets comprising part of the Licensed Intellectual Property have been properly maintained as trade secrets.

**9.2** Licensee warrants and represents that:

**9.2.1** It is a corporation duly organized, validly existing, and in good standing under the laws of the state of Colorado, with all requisite corporate power and authority to execute, deliver and perform this Agreement.

**9.2.3** All necessary corporate proceedings of Licensee have been duly taken to authorize the execution, delivery, and performance of the Agreement by Licensee.

**9.2.4** This Agreement has been duly authorized, executed, and delivered by Licensee, constitutes the legal, valid, and binding obligation of Licensee and is enforceable in accordance with its terms.

**9.2.5** Licensee has all rights necessary and is fully authorized to enter into and perform under this Agreement; and

**9.2.6** There are no existing or threatened claims or proceedings by any entity against Licensee that would impair Licensee's ability to perform under this agreement.

**ARTICLE X**  
**TERM AND TERMINATION**

**10.1** The license hereunder shall commence upon the Effective Date and shall expire on the [\*\*\*] anniversary thereof; provided however, that if the effective date is not the first day of a calendar month then the Term shall expire on the last day of the calendar month in which [\*\*\*] anniversary of the Effective Date occurs. Notwithstanding the foregoing, the Term shall automatically renew for successive one year periods unless either party provided written notice of termination not less, than [\*\*\*] prior to the expiration of the then current Term unless sooner terminated pursuant to Section 10.2.

**10.2** The license hereunder may be terminated at any time:

**10.2.1.** By either party in the event of a breach of this Agreement by another party that is susceptible of cure, immediately, upon the end of a [\*\*\*] period after written notice of such breach to the breaching party, if such breach is not cured within the [\*\*\*] period; provided, however, as long as the breaching party is diligently attempting to cure such breach for such [\*\*\*] period, such cure period shall be extended by an additional period as may be required to cure such violation, but in no event more than an additional [\*\*\*].

**10.2.2.** By either party, immediately, if the other party becomes insolvent, makes an assignment for the benefit of its creditors, or becomes the subject of any bankruptcy or insolvency proceedings, and such proceedings are not removed within sixty (60) days of their initiation.

**10.2.3.** By either party, if the other party ceases to do business.

**10.2.4.** By Licensee, immediately, in the event Licensee is enjoined from using any of the Licensed Intellectual Property by a court of competent Jurisdiction.

**10.2.5.** By Licensee, upon the occurrence of a **Change in Control Of Licensor Event**. For the purposes of this Agreement, the term "Change in Control of Licensor Event" shall mean"

**10.2.5.1.** any person (other than any of the Rich Dad Personalities, or any company owned, directly or indirectly, by the Rich Dad Personalities in substantially the same proportions as their membership interests of Licensor), is or becomes the **Owner** (as hereinafter defined), directly or indirectly, of membership interests of Licensor representing [\*\*\*] or more of the membership interests of Licensor;

**10.2.5.2.** a merger, consolidation, reorganization, or other business combination of Licensor with any other entity, other than a merger or consolidation which would result in the membership interests of the Rich Dad Personalities existing immediately prior thereto continuing to represent (either by continuing to exist or by being converted into membership interests or voting

securities, as the case may be, of the surviving entity) more than [\*\*\*] of the combined membership interests or voting power of the voting securities of Licensor or such surviving entity outstanding immediately after such merger or consolidation; or

**10.2.5.3.** the members of Licensor approve a plan of complete liquidation of Licensor or the consummation of the sale or disposition by Licensor of all or substantially all of Licensor's assets other than (x) the sale or disposition of all or substantially all of the assets of Licensor to a person or persons who the Owner, directly or indirectly, of at least [\*\*\*] or more of the combined membership interests of Licensor at the time of the sale or (y) pursuant to a spin- off type transaction, directly or indirectly, of such assets to the members of Licensor.

**10.2.5.4.** For the purposes of this Section 10.2.5, the term "Owner" means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (i) the power to vote, or to direct the voting of such membership interest, or (ii) the power to dispose, or to direct the disposition of, such membership interest.

**10.3** Notwithstanding anything else in this Agreement to the contrary, the Term of this Agreement shall terminate, without further action of either Licensor or Licensee, upon the occurrence of a **Change in Control of Licensee Event**. For the purposes of this Agreement, the Term "Change in Control of Licensee Event" shall mean:

**10.3.1.** any "person" as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, (other than Licensor, Licensee, any trustee or other fiduciary holding securities under any employee benefit plan of Licensee, or any company owned, directly or Indirectly, by the shareholders of Licensee in substantially the same proportions as their ownership of common stock of Licensee), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Licensee representing [\*\*\*] or more of the combined voting power of Licensee's then outstanding securities;

**10.3.2.** during any period of [\*\*\*], individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with Licensee to effect a transaction described in paragraph (a), (c), or (d) of this Section) whose election by the Board or nomination for election by Licensee's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the [\*\*\*] or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

**10.3.3.** a merger, consolidation, reorganization, or other business combination of Licensee with any other entity, other than a merger or consolidation which would result

in the voting securities of Licensee outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than [\*\*\*] of the combined voting power of the voting securities of Licensee or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of Licensee (or similar transaction) in which no person [\*\*\*] or more of the combined voting power of Licensee's then outstanding securities shall not constitute a Change in Control; or

**10.3.4.** the shareholders of Licensee approve a plan of complete liquidation of Licensee or the consummation of the sale or disposition by Licensee of all or substantially all of Licensee's assets other than (x) the sale or disposition of all or substantially all of the assets of Licensee to a person or persons who beneficially own, directly or indirectly, at least [\*\*\*] or more of the combined voting power of the outstanding voting securities of Licensee at the time of the sale or (y) pursuant to a spin-off type transaction, directly or Indirectly, of such assets to the shareholders of Licensee.

**10.4** Upon termination of the license hereunder, all rights and privileges in and to the Licensed Intellectual Property granted to the Licensee herein shall automatically revert to Licensor or its nominee, and the Licensee shall immediately cease any use thereof.

**10.5** Licensee shall, for a period of [\*\*\*] ("Sell-Off Period") following the effective date of termination of the license granted by Licensor hereunder, have the right to fulfill commitments made to customers during the Term. The provisions of this Agreement shall apply with full force and effect during the Sell-Off Period, Upon expiration of the Sell-Off Period, Licensee shall immediately cease and desist from using or displaying any forms of advertising containing any of the Licensed Marks.

**10.6** Section 3,7; and Articles IV (Confidentiality); IX (Warranties and Representations); XI (Indemnification); and XIII (Miscellaneous) hereof shall survive termination (for any reason) of this Agreement.

## **ARTICLE XI INDEMNIFICATION**

**11.1** Each party shall defend, indemnify and hold harmless the other party and their respective Affiliate and their respective officers, directors, agents, contractors, employees, successor, and assigns from and against all claims, demands or causes of action, as well as any and all damages, expenses, costs, interest and reasonable legal fees, including such fees incurred on appeal, in any way related to, arising out of or connected with a breach of the indemnifying party's representations, warranties or covenants under this Agreement.

**11.2** EXCEPT FOR AMOUNTS PAYABLE TO THIRD PARTIES IN CONNECTION WITH CLAIMS SUBJECT TO THE INDEMNIFICATION PROVISIONS OF SECTION 9.1 OR A BREACH OF EITHER PARTY'S OBLIGATIONS UNDER SECTION 5, NEITHER PARTY WILL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR ANY OTHER SPECIAL, INDIRECT OR

CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT EVEN IF THE PARTY HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

**ARTICLE XII  
INDEPENDENT DEVELOPMENT**

Nothing in this Agreement shall be construed as restricting Licensee's right or ability to acquire, license, develop, manufacture or distribute for itself, or have others acquire, license, develop, manufacture or distribute for Licensee, adult education products and services, or technology performing the same or similar functions as the adult education products and services, or technology contemplated by this Agreement, or to market or distribute such same or similar adult education products and services, or technology in addition to, or in lieu of, the adult education products and services, or technology contemplated by this Agreement including, whether in the conduct of the Business or otherwise.

**ARTICLE XIII  
MISCELLANEOUS**

**13.1. No Waiver.** The failure of any party to this Agreement to enforce any particular provision of this Agreement at any time shall not be construed as a waiver of such provision or provisions for any future dealing between the parties; nor shall it in any way affect the validity of this Agreement or any portion thereof, or any party's ability to enforce such provision at any time in the future. No party's failure to act on a breach by the other party shall be construed as a future waiver of any subsequent breach of the same or other provisions of this Agreement.

**13.2. Notices.** All notices and other written communications required to be given under this Agreement shall be in writing and shall be delivered to the addressee in person, mailed by registered or certified mail, return receipt requested, or by reputable overnight courier. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered, if delivered personally, or, if sent by certified or registered mail, three days following the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, postage and charges prepaid. The addresses of the parties (until written notice of change shall have been given) shall be as follows:

To Licensor \_\_\_\_\_  
With a copy to: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Licensee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_

**13.3. Alternative Dispute Resolution.** Unless the parties expressly agree otherwise in writing, any dispute, controversy or claim between the parties related to interpretation or enforcement of this Agreement will be determined by binding arbitration in accordance with the rules of Judicial and Administrative Mediation Services (hereinafter “**JAMS**”), If the parties cannot agree on a JAMS arbitrator **20 calendar days** after notification of the claim, JAMS will appoint an arbitrator to hear the matter and not by court action. The parties shall share equally all initial costs of arbitration. All decisions of the arbitrator shall be final, binding, and conclusive on all parties. Notwithstanding the above, claims related to termination of this Agreement, intellectual property, confidentiality and/or injunctive relief will not be subject to arbitration. The prevailing party shall be entitled to reimbursement of attorneys’ fees, costs, and expenses incurred in connection with the arbitration or litigation.

**13.4. Choice of Law.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Arizona, without regard to federal or state choice of law principles.

**13.5. Choice of Forum.** Any action brought to enforce or interpret the terms of this Agreement shall be brought exclusively in either the Superior Court of the State of Arizona in and for the County of Maricopa; or the United States District Court for the District of Arizona, located in Phoenix, Arizona.

**13.6. Amendment.** This Agreement, including all exhibits attached hereto, may not be amended or modified except by a document signed by all parties. Such Amendments or Addenda shall specifically reference this Agreement and, to the extent that existing rights or obligations are modified, shall specifically identify the Section(s) of this Agreement affected by the Amendment or Addendum.

**13.7. Representation by Attorney.** Each party to this Agreement has either: (a) been represented by an attorney of their choice in connection with the negotiation and execution of this Agreement; or (b) declined to be so represented by an attorney after having a reasonable opportunity to secure such representation.

**13.8. Entire Agreement.** This Agreement, along with any attachments, exhibits, schedules and documents specifically referenced herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior communications, writings and other documents with regard thereto. No modification, amendment or waiver of any provision hereof shall be binding upon either party hereto unless it

is in writing and executed by both of the parties hereto or, in the case of a waiver, by the party waiving compliance.

**13.9. No Assignment.** Neither party may assign this Agreement without the other party's prior written consent. Notwithstanding the foregoing, either party may assign this Agreement without the other party's prior written consent in the event of a merger, acquisition, reorganization, change in control, or sale of substantially all of the assets or business of such assigning party. Any assignment in conflict with this provision shall be void.

**13.10. Further Documents.** The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement. Without limiting the generality of the foregoing, the parties shall each execute and deliver such Instruments as are necessary to terminate, as of the Effective Date, that certain **Rich Dad Operating Company, LLC Licensing Agreement** and such other agreements between the parties executed pursuant, including, but not limited to, a termination of the **Cash Collateral Account, Escrow and Security Agreement**, and to issue joint instructions to **Escrow Agent** to release all funds in the **Cash Collateral Account** to Licensee, For the purposes of this paragraph, terms that in bold font shall be given the meaning ascribed to them in the **Cash Collateral Account, Escrow and Security Agreement**.

**13.11. Relationship of the Parties.** Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between the parties. None of the provisions contained in this Agreement nor any acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship specified in this Agreement.

**13.12. Captions.** The division of this Agreement into and the use of captions for paragraphs are for Convenience of reference only and shall not affect the interpretation or construction of this Agreement.

**13.13. Severability.** In the event any provision of this Agreement or the application of any provision shall be held by a tribunal of competent jurisdiction to be contrary to law, then, the remaining provisions of this Agreement shall be unimpaired, and the illegal, invalid or unenforceable provision shall be replaced by a provision, which, being legal, valid and enforceable, comes closest to the intent of the parties underlying the illegal, invalid or unenforceable provision. In any event, an illegal, invalid or unenforceable provision shall not affect the enforceability or the validity of the remaining terms or portions thereof, and each such unenforceable or invalid provision or portion thereof shall be severable from the remainder of this Agreement.

**13.14. Cost of Enforcement.** If a party commences any arbitration, action at law or in equity, or for declaratory relief, in appellate proceedings, to secure or protect any rights under, or to enforce any provision of, this Agreement, then, in addition to any judgment, order, or other relief obtained in such proceedings, the prevailing party shall be entitled to recover from the losing party all reasonable costs, expenses, and attorneys' fees incurred by the party in

connection with such proceedings, including, attorneys' fees incurred for consultation and other legal services performed prior to the filing of such proceeding.

**13.15. Successors.** The terms of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the successors, assignees, and transferees of the parties hereto.

**13.16. No Intended Third Party Beneficiaries.** The parties acknowledge and agree that there are no intended third party beneficiaries of this Agreement, including without limitation, other licensees of the Rich Dad brand and intellectual property or students of the Business.

**13.17. Counterparts/facsimile.** This Agreement may be executed in 2 or more counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute a single instrument. This Agreement may be executed by any party by delivery of a facsimile signature, which shall have the same force and effect as an original signature. Any party which delivers a facsimile signature shall promptly thereafter deliver an originally executed signature to the other parties; provided, however, that the failure to deliver an original signature page shall not affect the validity of any signature delivered by facsimile.

**13.18. Board Approval.** Licensor acknowledges and agrees that the effectiveness and enforceability of this Agreement are subject to the ratification of the Board of Directors of Licensee.

**Rich Dad Operating Company, LCC**

By:  \_\_\_\_\_

Name: Michael R Sullivan

Title: Chief Executive Officer

**Tigrent Inc.**

By:  \_\_\_\_\_

Name: Anthony C. Humpage

Title: Chief Executive Officer

## EXHIBIT 2

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**FIRST AMENDMENT  
TO RICH DAD OPERATING COMPANY, LLC  
LICENSING AGREEMENT**

This **FIRST AMENDMENT TO RICH DAD OPERATING COMPANY, LLC LICENSING AGREEMENT** (this "First Amendment") is dated as of the 22nd day of April 2014 (the "First Amendment Date"), by and between (a) **Rich Dad Operating Company, LLC**, a Nevada limited liability company ("**Licensor**") and (b) **Tigrent Inc.**, a Colorado corporation ("**Licensee**").

RECITALS

WHEREAS, Licensor and Licensee entered into that certain **Rich Dad Operating Company, LLC License Agreement** with an effective date of **September 1, 2013** (, the "**License Agreement**"), a copy of which License Agreement is attached as **Exhibit A**; and

WHEREAS, Licensor and Licensee have agreed to modify the License Agreement pursuant to the terms and conditions of this **First Amendment**; and

NOW, THEREFORE, to these ends and in consideration of the mutual covenants contained herein, as well as the mutual benefits to be derived herefrom, Licensor and Licensee hereby agree as follows:

1. **Definitions.** Terms that are capitalized and not otherwise defined shall be given the meaning ascribed to them in the License Agreement.

2. **Amendment of License Agreement.** The License Agreement is hereby amended as follows:

(a) Article I, Definitions, is hereby amended to add the following new section 1.17:

1.17 "The term "**Permitted Products**" means Licensor's or the Rich Dad Personalities current products as set forth on **Schedule 1.17** attached to this Agreement. If Licensor desires to amend Schedule 1.17 to add other or new Licensor or Rich Dad Personalities product(s), such amendment shall require the consent of Tigrent, which consent shall not be unreasonably withheld. Licensor shall request such amendment in writing and shall include with such request a sample of the product Licensor is requesting to add to Schedule 1.17 (or if a sample is not readily available, a written description of such product in sufficient detail to enable Tigrent to make an informed decision about whether or not to grant consent) and Tigrent shall thereafter respond to such request within [\*\*\*], failing which such product shall be deemed approved by Tigrent.

(b) Section 1.7 is hereby deleted in its entirety and the following new Section 1.7 is substituted in its place:

“The term ‘Exclusive Field of Use’ means live, on-line, or on-demand seminars, webinars, and training courses in the Field delivered through any form of communication or media. Excluded from the Exclusive Field of Use are: (i), live in-person seminars, and in-person or recorded webcasts, video chats, podcasts, webinars, instant messages, Twitter or Facebook messages and presentations conducted by Licensor, any affiliate of Licensor, or any third party, at which any of the Rich Dad Personalities are featured speakers (each, a “Permitted Event” and collectively, “Permitted Events”), it being acknowledged and agreed by the Parties that Permitted Events may include, the sale of Permitted Products at the Permitted Event; and (ii) live, in-person classes taught in schools (K-12), colleges or universities to matriculate students as part of an academic curriculum,”

(c) Section 5.1 is hereby amended by adding the following at the end thereof:

“Notwithstanding the foregoing, the royalty payable on Licensee’s Cash Sales made during the period of January 1, 2014 through December 31, 2014 shall be reduced from [\*\*\*]to [\*\*\*]. Licensor acknowledges and agrees that Licensee has overpaid royalties for the period of January 1, 2014 through February 28, 2014 at [\*\*\*] and that, therefore, Licensee may take a credit in the amount of such overpayment against royalties coming due.

(d) Article VIII “Board Membership” is hereby deleted in its entirety.

3. **Full Force and Effect.** Except as specifically modified by this First Amendment, all of the remaining terms and conditions set forth in the License Agreement shall remain unchanged and in full force and effect.

4. **Term and Termination.** This First Amendment does not affect the Term and Termination, Article X of the License Agreement, and thus the License Agreement, as amended, will expire on September 1, 2018, provided that written notice of termination is given not less than three (3) months prior to the expiration date.

5. **Facsimile Counterparts.** This First Amendment may be executed by facsimile and in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same original.

6. **Incorporation by Reference.** All of the recitals in the License Agreement and this First Amendment, together with the exhibits to the License Agreement and this First, Amendrment, are incorporated in and made a part of the License Agreement by this reference.

**WITNESS WHEREOF**, the undersigned have caused the parties hereto to enter into this Agreement effective the First Amendment Date.

**Rich Dad Operating Company, LLC,**  
A Nevada limited liability company

**Tigrent Inc.,**  
a Colorado corporation



By: \_\_\_\_\_  
Michael R. Sullivan  
Chief Executive Officer

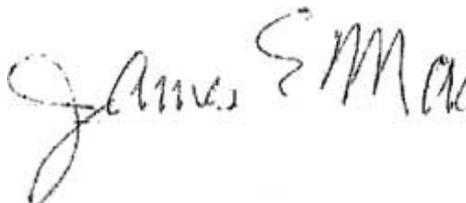
By: \_\_\_\_\_  
Anthony Humpage  
Chief Executive Officer

First Amendment, are incorporated in and made a part of the License Agreement by this reference.

**WITNESS WHEREOF**, the undersigned have caused the parties hereto to enter into this Agreement effective the First Amendment Date.

**Rich Dad Operating Company, LLC,**  
A Nevada limited liability company

**Tigrent Inc.,**  
a Colorado corporation



By: \_\_\_\_\_  
Michael R. Sullivan  
Chief Executive Officer

By: \_\_\_\_\_  
James E. May  
Chief Administrative & Gen. Counsel Officer

# EXHIBIT 3

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**RICH DAD OPERATING COMPANY, LLC  
CREDIT AGREEMENT**

This **Rich Dad Operating Company, LLC** Credit Agreement (“**Agreement**”) is made on **March 25, 2011** by and between **Rich Dad Operating Company, LLC**, a Nevada limited liability company (“**RDOC**”) whose address is 4330 North Civic Center Plaza, Suite 101, Scottsdale, Arizona 85281, **Rich Global, LLC**, a Wyoming limited liability company (“**RG**”) whose address is 4330 North Civic Center Plaza, Suite 101, Scottsdale, Arizona 85281 and **Tigrent Inc.**, a Colorado corporation, (“**Borrower**”) whose address is 1612 E. Cape Coral Parkway, Cape Coral, FL 33904, RDOC, RG and Borrower are sometimes herein referred to individually as a “**Party**” and collectively as the “**Parties**”.

**RECITALS**

**WHEREAS**, RG, Borrower and Rich Dad Education, LLC, a Wyoming limited liability company (“**RDE**”) were parties to that certain License Agreement, dated July 18, 2006 (“**RDE License Agreement**”), which RDE License Agreement was terminated in May 2010; and

**WHEREAS**, RDOC, RG, and Borrower are parties to that certain Rich Dad Operating Company, LLC Licensing Agreement (“**2010 License Agreement**”) with an effective date of **March 16, 2010**; and,

**WHEREAS**, royalties in the aggregate amount of [\*\*\*] currently due and payable under the RDE License Agreement remain unpaid as of the date hereof (“**Unpaid RDE Royalties**”); and,

**WHEREAS**, unpaid Current Royalty Payments and Unfilled Royalty Payments (as such terms are defined in the 2010 License Agreement), totaling in the aggregate [\*\*\*], are due and payable under the 2010 License Agreement for the time period of **January 1, 2010** through December 31, 2010 as of the date hereof (“**Unpaid Tigrent Royalties**”) (such Unpaid RDE Royalties and Unpaid Tigrent Royalties hereinafter referred to collectively as “**Unpaid Royalties**”); and,

**WHEREAS**, the non-payment of the Unpaid Tigrent Royalties has resulted in a shortfall of the funding of the **Escrow Account** as provided for in **Section 3.2 (a)(ii)** of the 2010 License Agreement in the amount of [\*\*\*] (“**Escrow Account Shortfall**”); and

**WHEREAS**, RDOC, RG, and Tigrent wish to resolve the matter of Unpaid Royalties and to fund the Escrow Account Shortfall in accordance with the terms and conditions of this Agreement,

**NOW, THEREFORE**, in consideration of the foregoing, the Parties agree as follows:

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**ARTICLE I  
EXTENSION OF CREDIT**

**Section 1.1. - Credit Commitment.** Subject to the terms and conditions of this Agreement, RDOC agrees to extend to Borrower, and Borrower agrees to accept from RDOC, credit in the principal amount of [\*\*\*] (the “**Loan**”). The Loan shall be evidenced by a promissory note executed by Borrower, dated as of Closing (as defined in **Section 7.1(b)** herein), substantially in the form attached hereto as **Exhibit A** and drawn to the order of RDOC in the principal amount of the Loan (the “**Note**”), the provisions of which are incorporated by reference. The Parties agree that the Loan will be credited to the Unpaid Royalties in full satisfaction thereof.

**Section 1.2 - Loan Documents.** The Agreement, the Note, and all other documents and instruments issued in connection with the Loan are sometimes collectively referred to as the “**Loan Documents**”. In the event of any conflict between the terms and provisions contained in this Agreement and in any of the Loan Documents, the terms and provisions of this Agreement shall control.

**Section 1.3. - Interest.** So long as no **Event of Default** (as defined in Section 5.1 below) exists, interest on the unpaid principal balance of the Loan shall accrue at the rate of [\*\*\*] per annum, commencing on **January 1, 2011**. Accrued interest for the [\*\*\*] period ending **June 30, 2011** in the amount of [\*\*\*] shall be due and payable on **June 30, 2011**. Thereafter, accrued interest on the Note shall be due and payable in arrears, in quarterly installments, on the last day of each calendar quarter (i.e., **March 31st, June 30th, September 30th** and **December 31st**.)

**Section 1.4 - Payment Schedule.** The principal of the Loan shall be payable in installments according to the following schedule:

<b>Date</b>	<b>Principal Installment</b>
<b>April 30, 2012</b>	[***]
The last day of each calendar month commencing <b>May 31, 2012</b> , until fully paid.	[***]

**Section 1.5 - Application of Payments.** Interest payments under the Note shall be paid to RDOC. Payments of principal under the Note shall be paid, first, into the Escrow Account until the Escrow Account Shortfall has been amortized, and then to RDOC.

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**Section 1.6 - Optional Prepayment.** Borrower shall have the right to prepay the outstanding principal without premium or penalty in whole or in part, in accordance with the terms in the Note.

(a) Each prepayment shall be pursuant to a notice from Borrower to RDOC, which notice shall (i) specify the amount of interest and principal to be prepaid and the date of prepayment (which shall be a Business Day), (ii) be irrevocable, (iii) obligate Borrower to prepay the principal outstanding hereunder in the amount and on the date specified therein, and (iv) be effective only if received by RDOC not later than **1:00 p.m.** Pacific time on a date falling not later than **5 Business Days** prior to the prepayment date specified therein.

(b) Prepaid amounts under this **Section 1.6** shall first be applied to reduce accrued but unpaid interest under the Note, with the remainder then applied to reduce outstanding principal amount of the Note.

## **ARTICLE II CONDITIONS PRECEDENT TO MAKING OF LOAN**

**Section 2.1 - Conditions Precedent.** RDOC's obligation to make the Loan under this Agreement shall be subject to the fulfillment to RDOC's sole satisfaction, in its absolute discretion, of all of the following conditions:

(a) **Loan Documents.** Borrower shall provide to RDOC the executed Note and other Loan Documents, all in form and substance satisfactory to RDOC and RDOC's counsel.

(b) **Borrower's Authorization.** Borrower shall have provided in form and substance satisfactory to RDOC, properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note, and the other Loan Documents.

(c) **Representation and Warranties.** The representations and warranties set forth in this Agreement or in the Loan Documents are true and correct as of the Closing.

(d) **No Event of Default.** There shall not exist, at the time of Closing, a condition which would constitute an **Event of Default** under this Agreement under any other Loan Document, or the 2010 License Agreement.

## **ARTICLE III REPRESENTATIONS AND WARRANTIES**

**Section 3.1 - Representations and Warranties.** Borrower represents and warrants to RDOC, as of the Closing, as of the date of any renewal, extension or modification of the Loan, and at all times, any Indebtedness (as defined in **Section 7.1(e)** below) exists:

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(a) **Organization.** Borrower is a for profit corporation which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of Borrower's state of incorporation. Borrower is duly authorized to transact business in the State of Colorado and all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

(b) **Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Loan Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (i) any provision of Borrower's articles of incorporation or organization, or bylaws, or any agreement or other instrument binding upon Borrower or, (ii) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

(c) **Financial Information.** Each of Borrower's audited financial statements supplied to RDOC truly and completely disclosed Borrower's financial condition as of the date of the statement in all material respects.

(d) **Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered, will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

(e) **Binding Effect.** This Agreement, the Note, and all Loan Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

#### **ARTICLE IV COVENANTS**

**Section 4.1 - Covenants.** Borrower covenants and agrees with RDOC that, so long as this Agreement remains in effect, Borrower will:

(a) **Financial Records.** Maintain its books and records in accordance with generally accepted accounting principles ("GAAP"), applied on a consistent basis, and to permit

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employees, agents or assigns of RDOC, at any reasonable time, to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records.

(b) **Financial Statements.** Furnish RDOC with the following:

(i) **Annual Statements.** As soon as available, but in no event later than 90 days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to RDOC.

(ii) **Additional Information.** Furnish such additional information and statements, as RDOC may reasonably request from time to time.

(c) **Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, the Note, the other Loan Documents and the 2010 License Agreement.

## **ARTICLE V DEFAULT**

**Section 5.1 - Event of Default.** Each of the following shall constitute an Event of Default under this Agreement:

(a) **Payment Default.** Borrower fails to make any payment when due under the Loan.

(b) **Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Loan Documents and such failure is not cured by Borrower within 30 days of Borrower's written receipt of notice from RDOC setting forth the details of such failure.

(c) **Default under 2010 License Agreement.** Borrower is declared in default by RDOC under **Section 7.1** of the 2010 License Agreement and such event of default is not cured in accordance with **Section 7.2** of the 2010 License Agreement.

(d) **False Statements.** Any warranty, representation or statement made or furnished to RDOC by Borrower, or on Borrower's behalf, under this Agreement or the Loan Documents is false or misleading in any material respect, either now, as of Closing, or at the time made or furnished, or becomes false or misleading in any material respect at any time thereafter.

(e) **Insolvency.** The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's

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property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Section 5.2 - Effect of an Event of Default.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Loan Documents, all commitments and obligations of RDOC under this Agreement, the Loan Documents or the 2010 License Agreement immediately will terminate and, at RDOC's option and sole discretion, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "**Insolvency**" in **Section 5.1(e)** above, such acceleration shall be automatic and not optional. In addition, RDOC shall have all the rights and remedies provided in the Loan Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of RDOC's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by RDOC to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower shall not affect RDOC's right to declare a default and to exercise its rights and remedies.

**Section 5.4 - Force Majeure.** Notwithstanding anything in this Agreement or other Loan Documents to the contrary, Borrower shall not be liable for any failure or delay in performance under this Agreement (including for delay in the payment of money due and payable under the Loan Documents) to the extent said failures or delays are caused by conditions beyond Borrower's control including, but not limited to Acts of God, government sanctions or restrictions, quarantines, strikes, riots, wars or other military action, civil disorder, acts of terrorism, rebellions or revolutions, fires, floods, vandalism, sabotage or the acts of third parties, and/or any other cause beyond Borrower's reasonable control; provided that, as a condition to the claim of nonliability, Borrower shall give RDOC prompt written notice, with full details following the occurrence of the cause relied upon.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

The following miscellaneous provisions are a part of this Agreement:

**Section 6.1 - Term.** This Agreement shall be effective as of **March 25, 2011**, and shall continue in full force and effect until such time as all Indebtedness has been paid in full, or until such time as the Parties may agree in writing to terminate this Agreement.

**Section 6.2 - Release.** Effective upon Closing, RDOC and RG, on behalf of themselves and their respective past, present and future members, affiliates, successors and assigns, hereby release and forever discharge RDE and Borrower and their respective past, present and future subsidiaries, employees, directors, officers, shareholders, attorneys, agents, successors and

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assigns, for, from and against any and all demands, damages, losses, costs, expenses, obligations, liabilities, claims, actions, causes of action, judgments, penalties and suits of any kind, nature or description whatsoever, whether or not now known, suspected or unsuspected, in contract or in tort, at law, in equity, or otherwise, heretofore or hereafter occurring, accruing or arising, that RDOC or RG has, may have or may have had based upon or arising out of the Unpaid Royalties, The releases provided for in this paragraph shall not extend to the obligations of Borrower under this Agreement, the Note, the other Loan Documents, or the 2010 License Agreement.

**Section 6.3 - Amendments.** This Agreement, together with any Loan Documents, constitutes the entire understanding and agreement of the Parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the Party or Parties sought to be charged or bound by the alteration or amendment,

**Section 6.4 - Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of RDOC's costs and expenses, including RDOC's attorneys' fees and RDOC's legal expenses, incurred in connection with the enforcement of this Agreement. RDOC may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Such costs and expenses include RDOC's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Section 6.5 - caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Section 6.6 - Governing Law.** This Agreement will be governed by, construed and enforced in accordance with federal laws and the laws of the State of Arizona. This Agreement has been accepted by RDOC in the State of Arizona.

**Section 6.7 - No Waiver by RDOC.** RDOC shall not be deemed to have waived any rights under this Agreement, the Loan Documents or 2010 License Agreement, unless such waiver is given in writing and signed by RDOC. No delay or omission on the part of RDOC is exercising any right shall operate as a waiver of well right or any other right. A waiver by RDOC of a provision of this Agreement, the Loan Documents or 2010 License Agreement shall not prejudice or constitute a waiver of RDOC's right otherwise to demand strict compliance with that provision or any other provision of this Agreement, the Loan Documents or 2010 License Agreement. No prior waiver by RDOC, nor any course of dealing between RDOC and Borrower, shall constitute a waiver of any of RDOC's rights or of any of Borrower's obligations as to any future transactions. Whenever the consent of RDOC is required under this Agreement, the granting of such consent by RDOC in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of RDOC.

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**Section 6.8 - Notices.** All notices and other communications provided for herein shall be in writing and shall be delivered to the intended recipient at the “**Address for Notices**” specified below or at such other address as shall be designated by a party in a notice to each other party. All notices and other communications hereunder shall be deemed to have been duly given, in the case of hand delivery or overnight delivery, when received, or when actually received by telefacsimile, or in the case of mail, 3 Business Days after the date deposited in the mail, addressed as aforesaid.

To RDOC:

Rich Dad Operating Company, LLC  
Attention: Michael Sullivan  
4330 North Civic Center Plaza  
Suite 101  
Scottsdale, Arizona 85251  
Facsimile: (480) 348-1439

With a copy to:

Charles W. Lotzar  
Lazar Law Firm, P.C.  
6263 North Scottsdale Road, Suite 216  
Scottsdale, Arizona 85250  
Facsimile: (480) 905-0321

To Borrower:

Tigrent Inc.  
Attention: James E. May  
Chief Administration Officer  
and General Counsel  
1612 E. Cape Coral Parkway  
Cape Coral, Florida 33904  
Facsimile: (239) 540-6501

**Section 6.9 - Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or enforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

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**Section 6.10 - Successors and Assigns.** All covenants and agreements contained by or on behalf of Borrower shall bind Borrower's successors and assigns and shall inure to the benefit of RDOC and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of RDOC, which consent may be withheld by RDOC in its sole and absolute discretion.

**Section 6.11 - Survival of Representations and Warranties.** Borrower understands and agrees that in extending the Loan, RDOC is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to RDOC under this Agreement or the Loan Documents. Borrower further agrees all such representations, warranties and covenants will survive the extension of the Loan and delivery to RDOC of the Loan Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Section 6.12 - Time is of the Essence.** Time is of the essence in the performance of this Agreement.

## **ARTICLE VII DEFINITIONS**

**Section 7.1 - Definitions.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement.

(a) **Agreement.** The word "**Agreement**" means this Loan Agreement, as it may be amended or modified from time to time, together with all exhibits and schedules attached to this Loan Agreement from time to time.

(b) **Closing.** The word "**Closing**" means the execution and delivery of this Agreement, the Note and the Loan Documents, Closing will occur on **March 25, 2011**.

(e) **Indebtedness.** The word "**Indebtedness**" means the indebtedness evidenced by the Note or Loan Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Loan Documents.

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(f) **Loan.** The word “**Loan**” means any and all loans and financial accommodations from RDOC to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

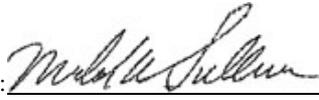
(g) **Note.** The word “**Note**” means the note executed by Tigrent, Inc, in the principal amount of [\*\*\*], dated as of Closing, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the Note.

[Signatures Appear on the Following Page]

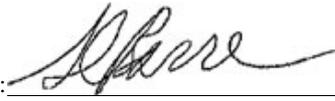
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WITNESS WHEREOF, the undersigned have caused the Parties hereto to enter into this Agreement effective the date first written above.

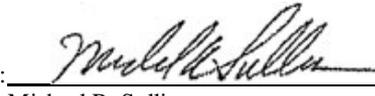
**Rich Dad Operating Company, LLC,**  
a Nevada limited liability company

By:   
Michael R. Sullivan  
Its: Director of Operations

**Tigrent Inc.,**  
a Colorado corporation

By:   
Steven C. Barre  
Its: Chief Executive Officer

**Rich Global, LLC,**  
a Wyoming limited liability company

By:   
Michael R. Sullivan  
Its: Director of Operations

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**EXHIBIT A**

**FORM OF PROMISSORY NOTE**

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PROMISSORY NOTE

[\*\*\*]

March 25, 2011

**FOR VALUE RECEIVED**, the undersigned (hereinafter referred to as “**Maker**”), promises to pay to the order of **Rich Dad Operating Company, LLC**, a Nevada limited liability company (which, together with its successors and assigns and any other transferee or successor then becoming the holder of this Note, shall herein after be referred to as “**Payee**”), at **4330 North Civic Center Plaza, Suite 101, Scottsdale, Arizona 85281**, or such other place as Payee may from time to time designate in writing, in lawful money of the United States of America, the principal amount of [\*\*\*], together with accrued interest thereon as more specifically set forth herein.

**1. Definitions.**

“**Business Day**” shall mean any day on which commercial banks are required to close in Maricopa County, Arizona.

“**Indebtedness**” shall mean the indebtedness evidenced by this Note or Loan Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Maker is responsible under this Note or under any of the Loan Documents.

“**Note**” shall mean this promissory note, and any note or notes issued in exchange or substitution therefor.

“**Post-Event of Default Rate**” shall mean, in respect of any principal of or interest on the Note or any other amount payable by Maker under the Note that is not paid when due (whether at stated maturity, by acceleration or otherwise), a rate per annum during the period from and including the due date to, but excluding the date such amount is paid in full, equal to [\*\*\*].

**2. Payment of Interest.** So long as no Event of Default (as defined in **Section 7** herein) exists, interest on the unpaid principal balance of this Note shall accrue at the rate of [\*\*\*] per annum commencing **January 1, 2011**. Accrued interest for the [\*\*\*] period ending **June 30, 2011** in the amount of [\*\*\*] shall be due and payable on **June 30, 2011**. Thereafter, accrued interest on the Note shall be due and payable in arrears in quarterly installments on the last day of each calendar quarter (i.e., **March 31st, June 30th, September 30th and December 31st.**)

**3. Repayment of Principal.**

(a) The outstanding principal balance of this Note shall be payable in installments according to the following schedule:

Date	Principal Installment
April 30, 2012	[***]
The last day of each calendar month commencing May 31, 2012, until fully paid.	[***]

(b) Interest payments under the Note shall be paid to RDOC. Payments of principal under the Note shall be paid, first, into the Escrow Account until the Escrow Account Shortfall has been amortized, and then to RDOC.

**3. Optional Prepayment.**

(a) Maker shall have the right to prepay the outstanding principal without premium or penalty in whole or in part on any Business Day, subject to this **Section 3**.

(b) Each prepayment shall be pursuant to a notice from Maker to Payee, which notice shall (i) specify the amount of interest and principal to be prepaid and the date of prepayment (which shall be a Business Day), (ii) be irrevocable, (iii) obligate Maker to prepay the principal outstanding hereunder in the amount and on the date specified therein, and (iv) be effective only if received by Payee not later than **1:00 p.m.** Phoenix, Arizona time on a date falling not later than 5 Business Days prior to the prepayment date specified therein.

(c) Prepaid amounts under this **Section 3** shall first be applied to reduce accrued but unpaid interest under the Note, with the remainder then applied to reduce outstanding principal amount of the Note.

**4. Payments; Computations; Etc.**

(a) All payments of principal, interest and other amounts to be made by Maker under this Note shall be made, in immediately available funds, to Payee no later than **1:00 p.m.** Phoenix, Arizona time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). If an Event of Default has occurred and is continuing, Payee may apply any such payment to amounts due hereunder as it may elect in its discretion. If the due date of any payment under this Note would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day and interest shall be payable for any principal so extended for the period of such extension. Any amount of principal not paid when due hereunder shall accrue interest at the Post-Event of Default Rate from the applicable due date through the date of the payment.

(b) Interest shall be computed on the basis of the actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable, relative to a year of **365** or **366 days**, as the case may be.

**5. Waiver of Notice of Demand, Etc.** Maker, its permitted successors or assigns, and all persons liable hereon or liable for the payment of this Note, hereby waive presentment for

payment, demand, protest, and notice of demand, protest, and nonpayment, and consent to any and all renewals, extensions or modifications that might be made by Payee as to the time of payment of this Note from time to time.

**6. Limitations on Interest.** This Note is hereby expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity of this Note or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance or detention of the money advanced or to be advanced hereunder exceed the highest lawful rate permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of any other agreement evidencing or securing the indebtedness, at the time performance of such provision occurs, shall involve the payment of interest in excess of that authorized by applicable law, the obligation to be fulfilled shall be reduced to the limit so authorized by applicable law, and if, from any circumstances, Payee shall ever receive as interest an amount that would exceed the highest lawful rate applicable to Maker, such amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance of the indebtedness evidenced hereby and not to the payment of interest.

**7. Events of Default.** Each of the following shall constitute an Event of Default under this Agreement:

(a) Payment Default. Maker fails to make any payment of Indebtedness when due under the Note or other Loan Documents.

(b) Other Defaults. Maker fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or other Loan Documents and such failure is not cured by Maker within **30 days** of Maker's receipt of written notice from RDOC setting forth the details of such failure.

(c) Default under 2010 License Agreement. Maker is declared in default by Payee under **Section 7.1** of the 2010 License Agreement and such event of default is not cured in accordance with **Section 7.2** of the 2010 License Agreement.

(d) False Statements. Any warranty, representation or statement made or furnished to Payee by Maker or on Maker's behalf under this Agreement or the Loan Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

(e) Insolvency. The dissolution or termination of Maker's existence as a going business, the insolvency of Maker, the appointment of a receiver for any part of Maker's property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Maker.

**8. Effect of an Event of Default.** In the case of an Event of Default, other than insolvency referred to in **Section 7(e)** of this Note, Payee may, by notice to Maker, (i) declare the principal amount then outstanding of, and the accrued interest, on the Note and all other amounts payable by Maker hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby waived by Maker; and (ii) in the case of the occurrence of an

Event of Default referred to in Section 7(e) of this Note, the principal amount then outstanding of, and the accrued interest on all amounts payable by Maker under, this Note shall become automatically immediately due and payable without notice, presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by Maker,

**9. Force Majeure.** Notwithstanding anything in this Note or other Loan Documents to the contrary, Maker shall not be liable for any failure or delay in performance under this Agreement (including for delay in the payment of money due and payable under this Note or other Loan Documents) to the extent said failures or delays are caused by conditions beyond Maker's control including, but not limited to Acts of God, government sanctions or restrictions, quarantines, strikes, riots, wars or other military action, civil disorder, acts of terrorism, rebellions or revolutions, fires, floods, vandalism, sabotage or the acts of third parties, and/or any other cause beyond Maker's reasonable control; provided that, as a condition to the claim of nonliability, Maker shall give RDOC prompt written notice, with full details following the occurrence of the cause relied upon.

**10. WAIVER OF JURY TRIAL AND CONSENT TO JURISDICTION.** MAKER IRREVOCABLY CONSENTS TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT SITTING IN MARICOPA COUNTY, ARIZONA, AND KNOWINGLY AND IRREVOCABLY WAIVES A TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING INVOLVING THIS NOTE.

**11. Miscellaneous.**

(a) Waiver. No failure on the part of Payee to exercise and no delay in exercising, and no course of dealing with respect to any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(b) Notices. All notices and other communications provided for herein shall be in writing and shall be delivered to the intended recipient at the "**Address for Notices**" specified below or at such other address as shall be designated by a party in a notice to each other party. All notices and other communications hereunder shall be deemed to have been duly given, in the case of hand delivery or overnight delivery, when received, or when actually received by telefacsimile, or in the case of mail, 3 Business Days after the date deposited in, the mail, addressed as aforesaid.

To Payee:

Rich Dad Operating Company, LLC  
Attention: Michael Sullivan  
4330 North Civic Center Plaza  
Suite 101  
Scottsdale, Arizona 85251  
Facsimile: (480) 348-1439

With a copy to:

Charles W. Lotzar  
Lotzar Law Firm, P.C.  
6263 North Scottsdale Road, Suite 216  
Scottsdale, Arizona 85250  
Facsimile: (480) 905-0321

To Maker:

Tigrent Inc.  
Attention: James E. May,  
Chief Administration Officer  
and General Counsel  
1612 E. Cape Coral Parkway  
Cape Coral, Florida 33904  
Facsimile: (239) 540-6501

(c) Expenses, Etc. Maker agrees to pay on demand (i) all reasonable costs and expenses of Payee, including counsels' fees, in connection with the enforcement of the Loan Documents; and (ii) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of any of the foregoing or any other document referred to herein.

(d) Amendments, Etc. Any provision of this Note may be modified or waived by an instrument or instruments in writing signed by Maker and Payee.

(e) Governing Law. The Note shall be governed by, and construed in accordance with, the laws of the state of Arizona.

(f) Severability. If any terms or provisions of this Note or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Entire Agreement. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof.

[Signature Appears on the Following Page]

IN WITNESS WHEREOF, intending to be legally bound, Maker has caused this Note to be executed and delivered on the date first above written.

MAKER:  
TIGRENT INC., a Colorado corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_

# EXHIBIT 4

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PROMISSORY NOTE

[\*\*\*]

March 25, 2011

FOR VALUE RECEIVED, the undersigned (hereinafter referred to as “**Maker**”), promises to pay to the order of **Rich Dad Operating Company, LLC**, a Nevada limited liability company (which, together with its successors and assigns and any other transferee or successor then becoming the holder of this Note, shall herein after be referred to as “**Payee**”), at **4330 North Civic Center Plaza, Suite 101, Scottsdale, Arizona 85281**, or such other place as Payee may from time to time designate in writing, in lawful money of the United States of America, the principal amount of [\*\*\*], together with accrued interest thereon as more specifically set forth herein.

**1. Definitions.**

“**Business Day**” shall mean any day on which commercial banks are required to close in Maricopa County, Arizona.

“**Indebtedness**” shall mean the indebtedness evidenced by this Note or Loan Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Maker is responsible under this Note or under any of the Loan Documents.

“**Note**” shall mean this promissory note, and any note or notes issued in exchange or substitution therefor.

“**Post-Event of Default Rate**” shall mean, in respect of any principal of or interest on the Note or any other amount payable by Maker under the Note that is not paid when due (whether at stated maturity, by acceleration or otherwise), a rate per annum during the period from and including the due date to, but excluding the date such amount is paid in full, equal to [\*\*\*].

**2. Payment of Interest.** So long as no Event of Default (as defined in **Section 7** herein) exists, interest on the unpaid principal balance of this Note shall accrue at the rate of [\*\*\*] per annum commencing **January 1, 2011**. Accrued interest for the [\*\*\*] period ending **June 30, 2011** in the amount of [\*\*\*] shall be due and payable on **June 30, 2011**. Thereafter, accrued interest on the Note shall be due and payable in arrears in quarterly installments on the last day of each calendar quarter (i.e., **March 31st, June 30th, September 30th and December 31st.**)

**3. Repayment of Principal.**

(a) The outstanding principal balance of this Note shall be payable in installments according to the following schedule:



Date	Principal Installment
April 30, 2012	[***]
The last day of each calendar month commencing May 31, 2012, until fully paid.	[***]

(b) Interest payments under the Note shall be paid to RDOC. Payments of principal under the Note shall be paid, first, into the Escrow Account until the Escrow Account Shortfall has been amortized, and then to RDOC.

**3. Optional Prepayment.**

(a) Maker shall have the right to prepay the outstanding principal without premium or penalty in whole or in part on any Business Day, subject to this **Section 3.**

(b) Each prepayment shall be pursuant to a notice from Maker to Payee, which notice shall (i) specify the amount of interest and principal to be prepaid and the date of prepayment (which shall be a Business Day), (ii) be irrevocable, (iii) obligate Maker to prepay the principal outstanding hereunder in the amount and on the date specified therein, and (iv) be effective only if received by Payee not later than **1:00 p.m.** Phoenix, Arizona time on a date falling not later than 5 Business Days prior to the prepayment date specified therein.

(c) Prepaid amounts under this **Section 3** shall first be applied to reduce accrued but unpaid interest under the Note, with the remainder then applied to reduce outstanding principal amount of the Note.

**4. Payments; Computations; Etc.**

(a) All payments of principal, interest and other amounts to be made by Maker under this Note shall be made, in immediately available funds, to Payee no later than **1:00 p.m.** phoenix, Arizona time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). If an Event of Default has occurred and is continuing, Payee may apply any such payment to amounts due hereunder as it may elect in its discretion. If the due date of any payment under this Note would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day and interest shall be payable for any principal so extended for the period of such extension. Any amount of principal not paid when due hereunder shall accrue interest at the Post-Event of Default Rate from the applicable due date through the date of the payment.

(b) Interest shall be computed on the basis of the actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable, relative to a year of **365** or **366 days**, as the case may be.

**5. Waiver of Notice of Demand, Etc.** Maker, its permitted successors or assigns, and all persons liable hereon or liable for the payment of this Note, hereby waive presentment for

payment, demand, pretest, and notice of demand, protest, and nonpayment, and consent to any and all renewals, extensions or modifications that might be made by Payee as to the time of payment of this Note from time to time.

**6. Limitations on Interest.** This Note is hereby expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity of this Note or otherwise, shall the amount paid or agreed to be paid to Payee for the use, forbearance or detention of the money advanced or to be advanced hereunder exceed the highest lawful rate permissible under applicable law. If, from any circumstances whatsoever, fulfillment of any provision hereof or of any other agreement evidencing or securing the indebtedness, at the time performance of such provision occurs, shall involve the payment of interest in excess of that authorized by applicable law, the obligation to be fulfilled shall be reduced to the limit so authorized by applicable law, and if, from any circumstances, Payee shall ever receive as interest an amount that would exceed the highest lawful rate applicable to Maker, such amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance of the indebtedness evidenced hereby and not to the payment of interest.

**7. Events of Default.** Each of the following shall constitute an Event of Default under this Agreement:

(a) Payment Default. Maker fails to make any payment of Indebtedness when due under the Note or other Loan Documents.

(b) Other Defaults. Maker fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or other Loan Documents and such failure is not cured by Maker within 30 days of Maker's receipt of written notice from RDOC setting forth the details of such failure.

(c) Default under 2010 License Agreement. Maker is declared in default by Payee under **Section 7.1** of the 2010 License Agreement and such event of default is not cured in accordance with **Section 7.2** of the 2010 License Agreement.

(d) False Statements. Any warranty, representation or statement made or furnished to Payee by Maker or on Maker's behalf under this Agreement or the Loan Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

(e) Insolvency. The dissolution or termination of Maker's existence as a going business, the insolvency of Maker, the appointment of a receiver for any part of Maker's property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Maker.

**8. Effect of an Event of Default.** In the case of an Event of Default, other than Insolvency referred to in **Section 7(e)** of this Note, Payee may, by notice to Maker, (1) declare the principal amount then outstanding of, and the accrued interest, on the Note and all other amounts payable by Maker hereunder to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby waived by Maker; and (ii) in the case of the occurrence of an



Event of Default referred to in **Section 7(e)** of this Note, the principal amount then outstanding of, and the accrued interest on all amounts payable by Maker under, this Note shall become automatically immediately due and payable without notice, presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by Maker.

**9. Force Majeure.** Notwithstanding anything in this Note or other Loan Documents to the contrary. Maker shall not be liable for any failure or delay in performance under this Agreement (including for delay in the payment of money due and payable under this Note or other Loan Documents) to the extent said failures or delays are caused by conditions beyond Maker's control including, but not limited to Acts of God, government sanction or restrictions, quarantines, strikes, riots, wars or other military action, civil disorder, acts of terrorism, rebellions or revolutions, fires, floods, vandalism, sabotage or the acts of third parties, and/or any other cause beyond Maker's reasonable control; provided that, as a condition to the claim of nonliability, Maker shall give RDOC prompt written notice, with full details following the occurrence of the cause relied upon.

**10. WAIVER OF JURY TRIAL AND CONSENT TO JURISDICTION.** MAKER. IRREVOCABLY CONSENTS TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT SITTING IN MARICOPA COUNTY, ARIZONA, AND KNOWINGLY AND IRREVOCABLY WAIVES A TRIAL BY JURY WITH RESPECT TO ANY PROCEEDING INVOLVING THIS NOTE.

**11. Miscellaneous.**

(a) **Waiver.** No failure on the part of Payee to exercise and no delay in exercising, and no course of dealing with respect to any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(b) **Notices.** All notices and other communications provided for herein shall be in writing and Shall be delivered to the intended recipient at the "**Address for Notices**" specified below or at such other address as shall be designated by a party in a notice to each other party. All notices and other communication hereunder shall be deemed to have been duly given, in the case of hand delivery or overnight delivery, when received, or when actually received by telefacsimile, or in the case of mail, 3 Business Days after the date deposited in the mail, addressed as aforesaid.

To Payee: Rich Dad Operating Company, LLC  
Attention: Michael Sullivan  
4330 North Civic Center Plaza  
Suite 101  
Scottsdale, Arizona 85251  
Facsimile: (480) 348-1439



With a copy to: Charles W. Lotzar  
Lotzar Law Firm, P.C.  
6263 North Scottsdale Road, Suite 216  
Scottsdale, Arizona 85250  
Facsimile: (480) 905-0321

To Maker: Tigrent Inc.  
Attention: James E. May,  
Chief Administration Officer  
and General Counsel  
1612 E Cape Coral Parkway  
Cape Coral, Florida 33904  
Facsimile: (239) 540-6501

(c) Expenses, Etc. Maker agrees to pay on demand (i) all reasonable costs and expenses of Payee, including counsels' fees, in connection with the enforcement of the Loan Documents; and (ii) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of any of the foregoing or any other document referred to herein.

(d) Amendments, Etc. Any provision of this Note may be modified or waived by an instrument or instruments in writing signed by Maker and Payee.

(e) Governing Law. The Note shall be governed by, and construed in accordance with, the laws of the state of Arizona.

(f) Severability. If any terms or provisions of this Note or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such terms or provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) Entire Agreement. This Note constitutes the entire agreement between the parties with respect to the subject matter hereof.

[Signature Appears on the Following Page]

A handwritten signature in black ink, appearing to be 'JEB', is located on the right side of the page.

IN WITNESS WHEREOF, intending to be legally bound, Maker has caused this Note to be executed and delivered on the date first above written.

MAKER:  
TIGRENT INC., a Colorado corporation

By:   
Print Name: Steven C. Barve  
Its: CEO

# EXHIBIT 5

---

Cohen Kennedy Dowd & Quigley, P.C.  
The Camelback Esplanade I  
2425 East Camelback Road ● Suite 1100  
Phoenix, Arizona 85016  
Telephone 602●252●8400 Facsimile 602●252●5339

Ronald Jay Cohen (003041) Email: [rcohen@ckdqlaw.com](mailto:rcohen@ckdqlaw.com)  
Daniel P. Quigley (009809) Email: [dquigley@ckdqlaw.com](mailto:dquigley@ckdqlaw.com)  
Gabriel R. Aragon (024649) Email: [garagon@ckdqlaw.com](mailto:garagon@ckdqlaw.com)  
Allison N. Clemency (029854) Email: [aclemency@ckdqlaw.com](mailto:aclemency@ckdqlaw.com)  
Attorneys for Plaintiff

**ARIZONA SUPERIOR COURT**

**COUNTY OF MARICOPA**

TIGRENT INC., a Colorado corporation doing business as  
Rich Dad Education,

Plaintiff,

vs.

RICH DAD OPERATING COMPANY, LLC, a Nevada  
limited liability company; RICH DAD: GLOBAL  
ENTREPRENEURS ORGANIZATION, a business entity;  
DARREN WEEKS, an individual; and, ROBERT  
KIYOSAKI, an individual,

Defendants.

Case No: CV2014-003169

**STIPULATION FOR DISMISSAL WITH PREJUDICE**

(Assigned to the Honorable David Cunanan)

The parties in the above-captioned action have reached a settlement of their disputes and desire to conclude the litigation. Therefore, the parties stipulate that the Court may enter an Order dismissing this action in its entirety with prejudice.

A proposed form of Order accompanies this Stipulation.

---

*Cohen Kennedy Dowd & Quigley*

RESPECTFULLY SUBMITTED this \_\_\_\_ day of April, 2014.

**Cohen Kennedy Dowd & Quigley, P.C.**

The Camelback Esplanade I  
2425 East Camelback Road, Suite 1100  
Phoenix, Arizona 85016  
Attorneys for Plaintiff

By: \_\_\_\_\_  
Ronald Jay Cohen  
Daniel P. Quigley  
Gabriel R. Aragon  
Allison N. Clemency

**ROSHKA DEWULF & PATTEN**

One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
Attorneys for RDOC

By: \_\_\_\_\_  
John DeWulf  
Maura Quigley

**QUARLES & BRADY LLP**

One Renaissance Square  
Two North Central Ave.  
Phoenix, Arizona 85004  
Attorneys for Robert Kiyosaki

By: \_\_\_\_\_  
Don Martin  
Sarah Anchors

**BURCH & CRACCHIOLO, P.A.**

702 East Osborn Road, Suite 200  
Phoenix, Arizona 85014  
Attorneys for Darren Weeks and Rich Dad: Global Entrepreneurs  
Organization

By: \_\_\_\_\_  
Edwin D. Flemming

The foregoing was electronically  
FILED with the Clerk of Court  
this \_\_ day of April, 2014 and a copy  
sent via the E-filing System to:

Honorable David Cunanan  
**MARICOPA COUNTY SUPERIOR COURT**  
201 West Jefferson  
Central Court Building – 4B  
Phoenix Arizona 85003-2243

And a COPY sent via electronic mail  
and U.S. mail this \_\_ day of April, 2014 to:

John DeWulf  
Maura Quigley  
**ROSHKA DEWULF & PATTEN**  
One Arizona Center  
400 East. Van Buren Street, Suite 800  
Phoenix, Arizona 85004  
Attorneys for RDOC

Don Martin  
Sarah Anchors  
**QUARLES & BRADY LLP**  
One Renaissance Square  
Two North Central Ave.  
Phoenix, Arizona 85004  
Attorneys for Robert Kiyosaki

Edwin D. Flemming  
**BURCH & CRACCHIOLO, P.A.**  
702 East Osborn Road, Suite 200  
Phoenix, Arizona 85014  
Attorneys for Darren Weeks and Rich Dad: Global Entrepreneurs Organization

Cohen Kennedy Dowd & Quigley, P.C.  
The Camelback Esplanade I  
2425 East Camelback Road ● Suite 1100  
Phoenix, Arizona 85016  
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Daniel P. Quigley (009809) Email: [dquigley@ckdqlaw.com](mailto:dquigley@ckdqlaw.com)  
Gabriel R. Aragon (024649) Email: [garagon@ckdqlaw.com](mailto:garagon@ckdqlaw.com)  
Allison N. Clemency (029854) Email: [aclemency@ckdqlaw.com](mailto:aclemency@ckdqlaw.com)  
Attorneys for Plaintiff

**ARIZONA SUPERIOR COURT**  
**COUNTY OF MARICOPA**

TIGRENT INC., a Colorado corporation doing business as  
Rich Dad Education,

Plaintiff,

vs.

RICH DAD OPERATING COMPANY, LLC, a Nevada  
limited liability company; RICH DAD: GLOBAL  
ENTREPRENEURS ORGANIZATION, a business entity;  
DARREN WEEKS, an individual; and, ROBERT  
KIYOSAKI, an individual,

Defendants.

Case No: CV2014-003169

**DISMISSAL WITH PREJUDICE**

(Assigned to the Honorable David Cunanan)

Pursuant to the parties' Stipulation for Dismissal with Prejudice, and good cause appearing therefor,

IT IS HEREBY ORDERED that this action is dismissed in its entirety with prejudice.

ENTERED IN OPEN COURT this \_\_\_ day of April, 2014.

---

**Honorable David Cunanan**

---

Cohen Kennedy Dowd & Quigley, P.C.  
The Camelback Esplanade I  
2425 East Camelback Road ● Suite 1100  
Phoenix, Arizona 85016  
Telephone 602●252●8400 Facsimile 602●252●5339

Ronald Jay Cohen (003041) Email: [rcohen@ckdqlaw.com](mailto:rcohen@ckdqlaw.com)  
Daniel P. Quigley (009809) Email: [dquigley@ckdqlaw.com](mailto:dquigley@ckdqlaw.com)  
Gabriel R. Aragon (024649) Email: [garagon@ckdqlaw.com](mailto:garagon@ckdqlaw.com)  
Attorneys for Plaintiff

**UNITED STATES DISTRICT COURT**

**DISTRICT OF ARIZONA**

Tigrent Inc., a Colorado corporation doing business  
as Rich Dad Education,

Plaintiff,

vs.

Darren Weeks, an individual; and, Rich Dad: Global  
Entrepreneurs Organization, a Canadian business,

Defendants.

Case No:

**STIPULATION FOR DISMISSAL WITH PREJUDICE**

(Assigned to the Honorable David G. Campbell)

The parties in the above-captioned action have reached a settlement of their disputes and desire to conclude the litigation. Therefore, the parties stipulate that the Court may enter an Order dismissing this action in its entirety with prejudice.

A proposed Order accompanies this Stipulation.

---

*Cohen Kennedy Dowd & Quigley*

RESPECTFULLY SUBMITTED this \_\_\_\_ day of April, 2014.

**Cohen Kennedy Dowd & Quigley, P.C.**

The Camelback Esplanade I  
2425 East Camelback Road, Suite 1100  
Phoenix, Arizona 85016  
Attorneys for Plaintiff

By: \_\_\_\_\_

Ronald Jay Cohen  
Daniel P. Quigley  
Gabriel R. Aragon

**Burch & Cracchiolo, P.A.**

702 East Osborn Road, Suite 200  
Phoenix, Arizona 85014  
Attorneys for Darren Weeks and Rich Dad:  
Global Entrepreneurs Organization

By: \_\_\_\_\_

Edwin D. Flemming

**CERTIFICATE OF SERVICE**

I hereby certify that on April \_\_\_\_, 2014, I electronically transmitted the attached document to the Clerk's office using the CM/ECF System for filing and transmittal of a Notice of Electronic Filing to the following CM/ECF registrants and/or mailed copies of the same to unregistered CM/ECF parties;

Edwin D. Flemming  
**Burch & Cracchiolo,**  
**P.A.**

702 East Osborn Road, Suite 200  
Phoenix, Arizona 85014

Attorneys for Darren Weeks and Rich Dad:  
Global Entrepreneurs Organization

---

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

Tigrent Inc., a Colorado corporation doing business as Rich  
Dad Education,

Plaintiff,

vs.

Darren Weeks, an individual; and, Rich Dad: Global  
Entrepreneurs Organization, a Canadian business,

Defendants.

Case No: 2:14-cv-006600-DGC

**DISMISSAL WITH PREJUDICE**

(Assigned to the Honorable David G. Campbell)

Pursuant to the parties' Stipulation For Dismissal With Prejudice, and good cause appearing therefor,

IT IS HEREBY ORDERED that this action is dismissed in its entirety with prejudice.

ENTERED this \_\_ day of April, 2014.

---

**Honorable David G. Campbell**

---

**TALENT ENDORSEMENT AGREEMENT**

THIS SUPPLEMENTAL AGREEMENT is made as of this \_\_\_\_ day of \_\_\_\_\_ 2013 by and between Tigrent Learning UK Limited of Boston House, 69 — 75 Boston Manor Road, Brentford, Middlesex, TW8 9.1J (“Company”) and Celebrity Speakers of 90 High Street, Burnham, Buckinghamshire, SL1 7JT (“CSA”) agent for Robbie Fowler (“Talent”) in his individual capacity or his duly appointed Representative (collectively the “Parties”).

WITNESSETH:

**WHEREAS,**

1. Talent is currently a well-known public figure;
2. Company has entered into an agreement dated 2nd November 2012 with CSA (“Primary Agreement”) to engage the services of the Talent to endorse the Company’s new property training course “Property Academy” (“Property Training Course”) to be launched in 2013 as specified in clause 5 of the schedule to the Primary Agreement.
3. Company is engaged in developing, creating and providing educational training, products and materials related to real estate, securities and options trading and investment, as well as general wealth building and investing strategies, principles and motivation.
4. It is hereby acknowledged by the Parties that the Company is desirous of acquiring the right and license to utilize Talent’s name and brand, likeness and image to endorse by way of advertisement, promotion, and sale of a new property training brand (“Property Academy”) to be launched by the Company and as defined in this Agreement and Talent is willing to grant such right and license as herein below provided.

**NOW, THEREFORE**, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, it is agreed as follows:

**1. DEFINITIONS**

**The following meanings shall apply to this agreement:**

1. “Commencement Date” means: 1st January 2013.
  2. “Materials” means: Power Point Presentations, Marketing Collaterals, Banners, Workbooks, Flyers or any other physical item required for the promotion and delivery of the Company’s new Property Training Course “Property Academy”.
  3. “Product” means: The products and materials the Company develops, creates or provides in connection with its educational training, products and materials relating to the Property Training Course.
  4. “Property” means: Talents name, initials, facsimile signature, photograph, video or images, likeness or other such pre-approved copy.
-

5. "Property Training Course" means: the property training course developed or to be developed by the Company to be called and marketed under the name/brand "Property Academy" or any other such name as agreed by the Parties.
6. "Territory" means: United Kingdom.
7. "Term" means: 1.5t January 2013 to 315t December 2013 or until terminated under the provisions of this Agreement or the Primary Agreement.

## **2. GRANT OF RIGHTS**

Subject to the terms and conditions and in consideration of the payments set forth herein and in the Primary Agreement, CSA as disclosed agent for Talent grants to Company from the Commencement Date the right and license during the Term of this Agreement in the Territory to use the "Property" in connection with the advertisement, promotion, and sale of the Property Training Course and the Product as well as the right to use such Property on the Product and related packaging. The above license grant shall apply to all material objects of the Property, in which the Property is fixed by any method now known or later developed, and from which the Property can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. The parties further understand and agree that Company hereby reserves the right to display its copyright notice on advertisements, promotions or other materials as well as all Product, no matter what form or media, containing the Property subject always to all and any copyright or other interests of the Talent.

CSA on behalf of Talent further grants and assigns to Company the right to enforce applicable copyright and intellectual property laws against third party infringers or malfeasors on Talent's behalf or in Talent's name.

### **2A. ADDITIONAL DUTIES AND PUBLIC APPEARANCES**

In accordance with the Primary Agreement, the Talent agrees that during the Term, he will make public appearances at the request of the Company, to include appearing at Company events and/or participating in photo shoots as requested by Company, not to exceed more than four such appearances or photo shoots per calendar year. Any public appearance and/or photo shoot must be approved by the Talent prior to his agreement to attend, which shall not be unreasonably withheld providing the Talent does not have any prior professional or other commitments and reasonable and adequate notice is given and received by CSA on behalf of Talent. The parties agree that Company will pay any necessary and reasonable travel and lodging expenses incurred by Talent in making such requested appearances as per "part 1" of the Primary Agreement.

## **3. TERM**

This Agreement shall be effective as of the date of execution by both parties. The period of license granted shall be for the Term and shall extend for a period of twenty four (24) months or until terminated as per clause 8 herein. It is agreed that the Term may be extended upon mutual agreement between the parties.

#### **4. COMPENSATION**

In consideration for the licenses granted hereunder, Company agrees to pay to CSA as follows:

- a. A [\*\*\*]in the amount of [\*\*\*]of Company's revenues from sales of the Property Training Course and all Products after deductions for VAT, returns, refunds
- b. Company shall be responsible for the tracking of sales of the Property Training Course and all Products containing the Property and providing to CSA:
  - i. A monthly list of the sales of Property Training Course and Product (with supporting sales prices and reconciled reports).
  - ii. Payment to CSA no later than thirty (30) days after receipt of invoice from CSA. CSA shall submit invoice to the Company no later than thirty (30) days after Company provides CSA with the list of the sales of Product (containing the Property with such supporting information that may be required or requested to be disclosed).
- c. CSA shall have the right to request an independent audit of the sales of the Product containing the Property which the Company agrees to assist within a reasonable period of time of such request.

#### **5. REVIEW OF MATERIALS**

- a. Talent shall have the right of approval in respect of all Product being proposed as any part of the Property appearing or integrated into it and all proposed use of the Property (including to whom the Property is distributed for sale if other than the general public) prior to public release and distribution.
- b. All Materials or any part thereof shall be sent by the Company to CSA for approval by Talent.
- c. Talent shall have seven (7) days following receipt of such Materials or any part thereof displaying the intended use of the Property to review and for CSA to provide to Company written approval for such use.
- d. In the event that Talent objects to the Products or any part thereof and/or any proposed use of the Property, CSA on behalf of Talent shall submit to Company, within seven (7) days following Company's official submission of materials, a written request for revisions. Talent shall not make any request for unreasonable revisions and shall not withhold consent for any proposed use of the Property unreasonably.
- e. In the event that Talent does not provide either written approval of materials or a written request for revisions of such materials containing a proposed use of the Property within ten (10) days following Company's submission of such materials to Talent for review, such non-response shall automatically be deemed to be an acceptance and approval of the proposed use of the Property.

**6. RESERVATION OF RIGHTS**

- a. Subject to the terms of this Agreement, Talent shall retain all rights in and to his name and in the Property, his right of publicity, and the endorsement and, whether during the Term or any extension thereof, Talent shall not be prevented from using, permitting, or licensing by whatever means ,others to use his name or endorsement in connection with the advertisement, promotion, and sale of any product or service other than the Product or those that are substantially similar to the Product, including but not limited to all real estate, securities and/or options trading and investment educational trainings, products, materials. Company and Talent agree that they shall take all necessary steps during the Term to protect the endorsement in connection with the advertisement, promotion, and sale of the Product, subject always to the Company bearing any costs or liabilities in taking such steps and fully indemnifying the Talent and his agent in respect thereof.
- b. It is understood and agreed that Talent shall retain all copyright and all other rights, title, and interest in the Property, including his likeness, name, and/or trademarks, where applicable, except as licensed hereunder.
- c. Subject to the terms of this Agreement and in particular 5 above, it is understood and agreed that Company shall retain all right, title, and interest, including but not limited to all copyright interest, in and to the Product and any advertising or marketing collateral and/or materials created utilizing the Property under the license granted herein. The Company agrees to defend and fully indemnify the Talent and/or his agents in respect of such rights retained by the Company.
- d. The parties agree to execute any documents reasonably requested by the other party to affect any of the above provisions. The Company agrees to defend and fully indemnify the Talent and/or his agents of any costs that may be incurred in complying with this provision.

**7. REPRESENTATIONS, WARRANTIES AND INDEMNITY**

- a. Talent represents and warrants that he has not granted nor will he grant to any other party any right, permission, or license to use the Property in connection with the advertisement, sale, or promotion of the Product or in connection with products that are identical or substantially similar to the Product.
- b. Talent further represents and warrants to Company that he has the full right, power, and authority to grant the Property herein.
- c. Talent further represents and warrants that he has not misrepresented or concealed anything with respect to his background that may have a prejudicial effect on the value of the endorsement, that he is in good health, and that he has not engaged nor will he engage during the Term of this Agreement in any activity (criminal or otherwise) that could potentially have a negative impact on the Product.

- d. Company agrees to defend, indemnify, and hold Talent harmless against all costs, expenses, and losses (including reasonable attorney fees and costs) incurred through claims of third parties against Talent based on the manufacture or sale of the Product including, but not limited to, actions founded on product liability.
- e. Talent agrees to defend, indemnify, and hold Company, and its officers, directors, agents, and employees, harmless against all costs, expenses, and losses (including reasonable legal fees and costs) incurred through claims of third parties against Company based on a breach by Talent of any representation and/or warranty made in this Agreement or with respect to any third-party claims for infringement involving the use of the Property by Company.

**8. TERMINATION**

- a. Except as provided in this Section 8, this Agreement shall terminate immediately upon the earlier of (i) the Term of this Agreement or (ii) dissolving of Company and/or Company's complete cessation of doing all business.
- b. Either party shall have the right to terminate this Agreement immediately in the event that Talent or the Company does any of the following:
  - i. Engages in illegal, immoral, or criminal conduct resulting in a felony conviction;
  - ii. Misrepresents or conceals anything in their background that could be detrimental to the value of the endorsement being made;
  - iii. Engages in conduct contrary to the best interests of the other party;
  - iv. Engages in conduct that reasonably offends the sensitivities of a significant portion of the population; or
  - v. Engages in conduct that could bring the other party into public disrepute.
- c. Either party may terminate this provision at any time during the Term, in the event either party is guilty of a material breach of this Agreement, having been given notice of such breach and the breach not being rectified within a reasonable period of time.

**9. POST-TERMINATION RIGHTS**

- a. Talent agrees that Company shall, for a period of nine (9) months (Sell-Off Period) following the effective date of termination, have the right to continue to sell Product bearing the Property and/or utilize advertising materials and collateral bearing the Property. Such sales and use shall be made subject to all the provisions of this Agreement and in particular clause 4 hereof.
- b. Upon the expiration or termination of this Agreement, all rights granted to Company under this Agreement shall forthwith terminate and immediately revert to Talent, and Company shall, following the completion of the Sell-Off Period discontinue all use of and reference to the Property.

## 10. RELATIONSHIP OF THE PARTIES

Nothing contained in this Agreement shall be construed as establishing a partnership, or a joint venture relationship between Talent and Company.

## 11. FORCE MAJEURE

Neither party will be liable for, or will be considered to be in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any causes or conditions that are beyond such Party's reasonable control and that such Party is unable to overcome through the exercise of commercially reasonable diligence. If any force majeure event occurs, the affected Party will give prompt written notice to the other Party and will use commercially reasonable efforts to minimize the impact of the event.

## 12. NOTICES

Notice: Each notice, request or demand given or required to be given pursuant to this Agreement shall be in writing and shall be deemed sufficiently given if both emailed and deposited in the United Kingdom mail, registered First Class, postage pre-paid, and addressed to the address of the intended recipient set forth below, or to such other address as may be specified in this Agreement or in writing by the parties and receipt shall be deemed if sent by (i) email on the same day if sent on a day open for business and (ii) post on the second day from posting, open for business.

<b>If to Company</b>	<b>Name:</b>	Iain Edwards
	<b>Address:</b>	Tigrent Learning UK Ltd Boston House 69 — 75 Boston Manor Road Brentford Middlesex TW8 9.1.1 England
	<b>Telephone:</b>	02089 966700
	<b>Facsimile:</b>	02089 966701
	<b>Email:</b>	iainedwards@tiRrent.com

<b>If to CSA</b>	<b>Name:</b>	Sharon Bowler
	<b>Address:</b>	Celebrity Speakers Ltd 90 High Street Burnham Buckinghamshire SL1 7JT England
	<b>Telephone:</b>	01628 601400
	<b>Facsimile:</b>	01628 601401
	<b>Email:</b>	Sharon@speakers.co.uk

<b>If to Talent</b>	<b>Name:</b>	Robbie Fowler
	<b>Address:</b>	c/o Celebrity Speakers Ltd — As above

**13. JURISDICTION/DISPUTES**

This Agreement shall be deemed to have been made in England. This Agreement shall be governed by the laws of England and Wales, and all actions brought hereunder whether at law or in equity shall be brought in England. The parties hereby agree that any and all claims arising from or in connection with the subject matter of this Agreement must be brought in England before the County Court or High Court.

**14. AGREEMENT BINDING ON SUCCESSORS**

The provisions of the Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their heirs, administrators, successors and assigns.

**15. ASSIGNABILITY**

The Parties may not assign this Agreement or the rights and obligations hereunder to any third party without the prior express written approval of the other Party.

**16. WAIVER**

No delay, failure or waiver by either party to exercise any right or remedy under this Agreement, and no partial or single exercise, will operate to limit, preclude, cancel, waive or otherwise affect such right or remedy, nor will any single or partial exercise limit, preclude, impair or waive any further exercise of such right or remedy or the exercise of any other right or remedy.

**17. SEVERABILITY**

If any term, clause or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

**18. SURVIVAL**

The parties' rights and obligations under the Primary Agreement and Articles 4, 6, 7, 9, 10, 12, 13, 14, and 15 shall survive any expiration or earlier termination of this Agreement.

**19. HEADINGS**

All section and subsection headings contained in this Agreement are for convenience only and shall not be deemed to constitute a part of this Agreement nor affect the meaning of same.

**20. NO DRAFTER**

Both parties warrant and represent that each have had equal input in drafting this Agreement and have had the opportunity to consult with independent legal counsel.

**21. EXPENSES**

Bar those covered in clause 1A, each party shall bear all expenses incidental to the performance of its obligations under this Agreement.

**22. SEPARATE COUNTERPARTS**

This Agreement may be executed in several counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

**23. ENTENT OF AGREEMENT**

This Agreement is subject to the terms of the Primary Agreement and both agreements supersede any and all other agreements, either verbal or in writing between the parties hereto with respect to the use of Talent’s Property by Company, and contains all of the covenants and agreements between the parties with respect to such use in any manner whatsoever providing that the terms of the Primary Agreement shall remain effective at all times and such terms shall take precedence in the event of any conflict between the terms. Each party to this Agreement acknowledges that no representation, inducements, promises, or agreements, verbally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party, other than as expressed in the Primary Agreement and any other written agreement dated concurrent with or after this Agreement shall be valid as between the signing parties thereto provided always such agreement does not override or conflict with the terms of the Primary Agreement.

**IN WITNESS WHEREOF**, the Parties hereto, intending to be legally bound hereby, have each caused to be affixed hereto its or his/her hand and seal the day indicated.

**COMPANY**

Tigrent Learning UK Limited

\_\_\_\_\_  
Iain Edwards (authorized signatory)

\_\_\_\_\_  
Date

**CSA on behalf of TALENT**

\_\_\_\_\_  
Sharon Bowler (authorized signatory)

\_\_\_\_\_  
Date



November 6, 2014

U.S. Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549

RE: PRICED IN CORP.  
File No.: 333-184897

We have read the statements under Item 4.01 of the Current Report on Form 8-K to be filed with the Securities and Exchange Commission on November 6, 2014 regarding the change of auditors. We agree with all statements pertaining to us.

/s/ MaloneBailey, LLP  
MaloneBailey, LLP  
www.malonebailey.com  
Houston, Texas

9801 Westheimer Road, Suite 1100 • Houston, Texas 77042 • 713.343.4200  
15 Maiden Lane, Suite 1002 • New York, New York 10038 • 212.406.7272  
#0906 Block A North Tower, SOHO Shangdu No. 8, Dongdaqiao Road • Chaoyang District, Beijing P.R. China 100020 • 86.010.5869.9192  
Coastal City (West Tower), Hai De San Dao #1502 • Nanshan District, Shenzhen P.R. China 518054 • 86.755.8627.8690

www.malonebailey.com



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Registered Public Company Accounting Oversight Board • AICPA  
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## List of Subsidiaries of Legacy Education Alliance, Inc.

<b>Domestic Subsidiaries</b>	<b>Jurisdiction of Formation</b>
American Homebuyer Alliance Inc.	Wyoming
Coral Aviation Inc.	Delaware
Costa Rica Management, Inc.	Florida
EEA Brands, Inc.	Colorado
Legacy Education Alliance Holdings, Inc.	Colorado
Real Market Masters Education, Inc.	Florida
Rich Dad Education, Inc.	Florida
SBC Building LLC	Florida
Speaker Services of America Inc.	Florida
Tigrent Learning Inc.	Florida
Tigrent Enterprises Inc.	Nevada
Tigrent Communications Inc.	Wyoming
Tigrent Holdings Inc.	Colorado
Tigrent eLearning Inc.	Colorado
Tranquility Bay of SW Florida LLC	Florida
<b>Foreign Subsidiaries</b>	<b>Jurisdiction of Formation</b>
Rich Dad Education Ltd. (Canada)	Canada
Rich Dad Education Ltd. (UK)	United Kingdom
Tigrent Learning Canada Inc.	Canada
Tigrent Learning UK Ltd.	United Kingdom

**TIGRENT INC. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**For the fiscal years ended December 31, 2013 and December 31, 2012**

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**TIGRENT INC. AND SUBSIDIARIES**

**Cape Coral, FL**

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Crowe Horwath LLP  
Independent Member Crowe Horwath International

Report of Independent Registered Public Accounting Firm

Board of Directors  
Tigrent Inc. and Subsidiaries  
Cape Coral, Florida

We have audited the accompanying consolidated balance sheets of Tigrent Inc. and Subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tigrent Inc. and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then then ended, in conformity with U.S. generally accepted accounting principles.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Indianapolis, Indiana  
October 28, 2014

**TIGRENT INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(in thousands, except shares)

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,554	\$ 2,605
Restricted cash	3,061	2,785
Deferred course expenses	14,222	15,664
Prepaid expenses and other current assets	2,029	1,786
Income taxes receivable	72	1,644
Inventory	203	238
Assets of discontinued operations held for sale	-	1,001
<b>Total current assets</b>	<b>25,141</b>	<b>25,723</b>
Deposits with credit card processors	-	1,604
Restricted cash required by related party	-	1,578
Property and equipment, net	1,292	1,416
Deferred course expenses, net of current portion	39	56
Other assets	188	78
<b>Total assets</b>	<b>\$ 26,660</b>	<b>\$ 30,455</b>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 2,167	\$ 2,133
Royalties payable	186	1,158
Accrued course expenses	1,141	1,270
Accrued salaries, wages and benefits	530	455
Other accrued expenses	2,221	2,908
Long-term debt, current portion	1,208	1,315
Deferred revenue	73,262	80,517
Liabilities of discontinued operations held for sale	-	815
<b>Total current liabilities</b>	<b>80,715</b>	<b>90,571</b>
Long-term debt, net of current portion	427	3,286
Deferred revenue, net of current portion	173	268
Other long-term liabilities	61	553
<b>Total liabilities</b>	<b>81,376</b>	<b>94,678</b>
Commitments and contingencies		
Tigrent Inc.'s stockholders' deficit:		
Preferred stock, no par value, 10,000,000 shares authorized	-	-
Common stock, no par value, 25,000,000 shares authorized, 14,868,469 and 13,258,587 shares issued and outstanding as of December 31, 2013 and December 31, 2012, respectively	7,825	3,175
Additional paid-in-capital	2,702	2,638
Cumulative foreign currency translation adjustment	(806)	(930)
Accumulated deficit	(64,437)	(68,766)
<b>Total Tigrent Inc.'s stockholders' deficit</b>	<b>(54,716)</b>	<b>(63,883)</b>
Noncontrolling interest	-	(340)
<b>Total stockholders' deficit</b>	<b>(54,716)</b>	<b>(64,223)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 26,660</b>	<b>\$ 30,455</b>

The accompanying notes are an integral part of the consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations and Comprehensive Income (Loss)**  
(in thousands, except per share data)

	Years ended December 31,	
	2013	2012
Revenue, net	\$ 85,118	\$ 84,032
Direct course expenses	40,488	39,939
Advertising and sales expenses	21,592	22,702
Royalty expense	6,812	6,641
General and administrative expenses	13,828	13,602
Impairment of deposits with credit card processor	-	8,313
Income (loss) from operations	2,398	(7,165)
Other income (expense):		
Other, net	549	1,276
Forgiveness of debt	1,652	-
Interest income	18	15
Interest expense	(182)	(242)
(Loss) gain on disposition of assets	(16)	22
Total other income (expense)	2,021	1,071
Income (loss) before income taxes	4,419	(6,094)
Benefit for income taxes	435	712
Net income (loss) from continuing operations	4,854	(5,382)
Loss from discontinued operations	(131)	(258)
Loss on disposal of discontinued operations	(394)	-
Loss on discontinued operations	(525)	(258)
Net income (loss)	4,329	(5,640)
Net loss attributable to the noncontrolling interest	-	84
Net income (loss) attributable to Tigrent Inc.	<u>\$ 4,329</u>	<u>\$ (5,556)</u>
Basic weighted average net income (loss) per share attributable to common stockholders:		
From continuing operations	\$ 0.35	\$ (0.41)
From discontinued operations	\$ (0.04)	\$ (0.02)
Net income (loss) attributable to noncontrolling interests	\$ -	\$ 0.01
Net income (loss) attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.31</u>	<u>\$ (0.42)</u>
Diluted weighted average net income (loss) per share attributable to common stockholders:		
From continuing operations	\$ 0.33	\$ (0.41)
From discontinued operations	\$ (0.03)	\$ (0.02)
Net income (loss) attributable to noncontrolling interests	\$ -	\$ 0.01
Net income (loss) attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.30</u>	<u>\$ (0.42)</u>
Basic weighted average shares outstanding	13,784	13,138
Diluted weighted average shares outstanding	<u>14,663</u>	<u>13,138</u>
Comprehensive income (loss):		
Net income (loss)	\$ 4,329	\$ (5,640)
Foreign currency translation adjustments	124	(481)
Comprehensive income (loss)	4,453	(6,121)
Comprehensive( income) loss attributable to noncontrolling interest	-	84
Comprehensive income (loss) attributable to Tigrent Inc.	<u>\$ 4,453</u>	<u>\$ (6,037)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Deficit**  
(in thousands)

	<b>Tigrent Inc.</b>						
	<b>Common Stock</b>		<b>Additional paid-in capital</b>	<b>Cumulative foreign currency translation adjustment</b>	<b>Accumulated deficit</b>	<b>Noncontrolling interest</b>	<b>Total stockholders' deficit</b>
	<b>Shares</b>	<b>Amount</b>					
Balance at January 1, 2012	13,089	\$ 3,175	\$ 2,586	\$ (443)	\$ (63,210)	\$ (256)	\$ (58,148)
Stock-based compensation expense	170	-	52	-	-	-	52
Foreign currency translation adjustment	-	-	-	(487)	-	-	(487)
Net loss	-	-	-	-	(5,556)	(84)	(5,640)
Balance at December 31, 2012	13,259	3,175	2,638	(930)	(68,766)	(340)	(64,223)
Conversion of debt to equity	1,549	4,650	-	-	-	-	4,650
Stock-based compensation expense	60	-	64	-	-	-	64
Foreign currency translation adjustment	-	-	-	124	-	-	124
Deconsolidation of equity investment	-	-	-	-	-	340	340
Net income	-	-	-	-	4,329	-	4,329
Balance at December 31, 2013	<u>14,868</u>	<u>\$ 7,825</u>	<u>\$ 2,702</u>	<u>\$ (806)</u>	<u>\$ (64,437)</u>	<u>\$ -</u>	<u>\$ (54,716)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Years ended	
	December 31,	
	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 4,329	\$ (5,640)
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation	276	296
Impairment of deposits with credit card processors	-	8,313
Share-based compensation expense	64	52
Loss (gain) on disposition of assets	16	(22)
Deferred income taxes	(462)	922
Forgiveness of debt	(1,652)	-
Loss on sale of discontinued operations	525	-
Changes in operating assets and liabilities:		
Restricted cash	(268)	(882)
Deferred course expenses	1,387	(189)
Prepaid expenses and other current assets	(257)	50
Income taxes receivable	1,572	(1,644)
Inventory	32	(114)
Deposits with credit card processors	1,603	-
Restricted cash required by related party	1,578	-
Other assets	(108)	59
Accounts payable	35	(598)
Royalties payable	3,678	2,337
Accrued course expenses	(127)	(42)
Accrued salaries, wages and benefits	74	(5)
Other accrued expenses	(72)	(896)
Deferred revenue	(7,150)	(2,253)
Net cash provided by (used by) operating activities	<u>5,073</u>	<u>(256)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(169)	(195)
Proceeds from sales of assets	1	22
Net cash used by investing activities	<u>(168)</u>	<u>(173)</u>
<b>Cash flows from financing activities:</b>		
Payments on debt	(1,315)	(1,674)
Net cash used by financing activities	<u>(1,315)</u>	<u>(1,674)</u>
Effect of foreign currency exchange rates on cash and cash equivalents	(641)	488
Net increase (decrease) in cash and cash equivalents	2,949	(1,615)
Cash and cash equivalents at beginning of period	2,605	4,220
Cash and cash equivalents at end of period	<u>\$ 5,554</u>	<u>\$ 2,605</u>
<b>Supplemental disclosure on non-cash activity:</b>		
Conversion of long-term debt to equity ownership	<u>\$ 4,650</u>	<u>\$ -</u>
Note receivable on sale of discontinued operations	<u>\$ 775</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 187</u>	<u>\$ 252</u>
Cash (paid) received for income taxes	<u>\$ (1,470)</u>	<u>\$ 546</u>

The accompanying notes are an integral part of the consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal years ended December 31, 2013 and 2012**

**Note 1—Business Description and Basis of Presentation**

The consolidated financial statements include the accounts of Tigrent Inc. and its wholly-owned and majority-owned subsidiaries and affiliates (collectively referred to herein as the “Company,” “Tigrent,” “we,” “us” or “our”). All intercompany balances and transactions have been eliminated in consolidation.

We are a provider of practical, high-quality and value-based training, conferences, publications, technology-based tools and mentoring to help students become financially knowledgeable. We provide students with comprehensive instruction and mentoring on the topics of real estate and financial instruments investing and entrepreneurship in the United States, the United Kingdom, and Canada. Our training is offered in non-accredited free preview workshops, as well as basic training, advanced courses, mentoring and coaching, primarily under the Rich Dad® Education brand (“Rich Dad”) which was created in 2006 under license from entities affiliated with Robert Kiyosaki, whose teachings and philosophies are detailed in the book titled, *Rich Dad Poor Dad*. In addition to Rich Dad, we market our products and services under a variety of brands, including Martin Roberts™Independent Woman™, Women in Wealth™, and Brick Buy Brick™.

**Note 2—Significant Accounting Policies**

*Use of estimates*

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

*Cash and cash equivalents*

We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. We utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. The CDARS balance was \$2.0 million and \$0.0 at December 31, 2013 and 2012, respectively. Within a CDAR are numerous individual investments all below the FDIC limits thus one hundred percent insuring that portion of our cash.

*Restricted cash*

Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors and cash collateral with our purchasing card provider. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. The hold back percentages are generally five percent of the monthly credit card charges that are held for six months. The cash collateral held by our charge card provider is unavailable unless we discontinue the usage of the purchasing card. Because a portion of these funds can be accessed and converted to unrestricted cash in less than one year in certain circumstances, that portion is considered a current asset.

*Financial Instruments*

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 820-10, *Fair Value Measurements*, clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosure on fair value measurements. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments consist primarily of cash and cash equivalents, notes receivable, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of the other financial instruments recognized on the consolidated balance sheet date (including receivables, payables and accrued liabilities) approximate their fair value.

ASC 820-10 describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that relate to financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

#### *Inventory*

Inventory consists primarily of books, videos and training materials held for sale to students enrolled in our training programs. Inventory is stated at the lower of cost or market using the first-in, first-out method.

#### *Deposits with credit card processors*

The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. The deposits are six months or less rolling reserves. In prior years, a substantial portion of these funds could not be accessed and converted to unrestricted cash in less than one year, and accordingly that portion was considered a long-term deposit.

At December 31, 2012 one of our credit card processors held \$ 1.6 million and under the terms of that agreement could hold the funds in excess of a year after we ceased using their services. In early 2013, we switched processors and received our funds over the following 12 months.

#### *Property and equipment*

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as presented in the following table:

Buildings	40 years
Furniture fixtures and equipment	3-7 years
Purchased software	3 years

Leasehold improvements are amortized over the shorter of the estimated useful asset life or the remaining term of the applicable lease.

In accordance with GAAP, we evaluate the carrying amount of our long-lived assets such as property and equipment, and finite-lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by the comparison of its carrying amount with the future net cash flows the asset is expected to generate. We look primarily to the undiscounted future cash flows in the assessment of whether or not long-lived assets have been impaired. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

## Revenue recognition

We recognize revenue in accordance with FASB ASC 605, *Revenue Recognition* ("ASC 605"). We recognize revenue when: (i) persuasive evidence of an arrangement exists, (ii) delivery of product has occurred or services have been rendered, (iii) the price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. For product sales, these conditions are generally met upon shipment of the product to the student or completion of the sale transaction. For training and service sales, these conditions are generally met upon presentation of the training seminar or delivery of the service.

Some of our training and consulting contracts contain multiple deliverable elements that include training along with other products and services. In accordance with ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements*, sales arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the sales contract meet the following criteria: (i) the delivered training or product has value to the client on a standalone basis, (ii) there is objective and reliable evidence of the contract price of undelivered items and (iii) delivery of any undelivered item is probable. The contract price of each element is generally determined by prices charged when sold separately. In certain arrangements, we offer these products bundled together at a discount. The discount is allocated on a pro-rata basis to each element based on the relative contract price of each element when contract price support exists for each element in the arrangements. The overall contract consideration is allocated among the separate units of accounting based upon their contract prices, with the amount allocated to the delivered item being limited to the amount that is not contingent upon the delivery of additional items or meeting other specified performance conditions. Contract price of the undelivered items is based upon the normal pricing practice for our existing training programs, consulting services, and other products, which are generally the prices of the items when sold separately.

Each transaction is separated into its specific elements and revenue for each element is recognized according to the following policies:

<b>Product</b>	<b>Recognition Policy</b>
Seminars	Deferred upon payment and recognized when the seminar is attended or delivered on-line
Online courses	Deferred upon sale and recognized over the delivery period
Coaching and mentoring sessions	Deferred and recognized as service is provided
Data subscriptions and renewals	Deferred and recognized on a straight-line basis over the subscription period

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line.

After a customer contract expires we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We recognized revenue at the conclusion of the contract period of approximately \$30.0 million and \$25.9 million, respectively in 2013 and 2012. Our reserve for course attendance after expiration was \$ 1.5 million at December 31, 2013 and 2012.

We provide a satisfaction guarantee to our customers. If a customer attends the first day of three day training, they can claim dissatisfaction and get a refund for the allocation value of that training. Very few customers exercise this guarantee.

Deferred revenue occurs from courses, online courses, mentorships, coaching sessions and website subscriptions and renewals in which payment is received before the service has been performed or if a customer contract expires. Deferred revenue is recognized into revenue as courses are attended in-person or on-line or coaching and mentor sessions are provided. While many of our course package contracts are two years, we consider the fulfillment of them as a current liability because a customer could complete a two year package in one year. We do have a few products that are scheduled to last beyond one year and are accounted for as long-term deferred revenue.

Revenue amounts are shown net of any sales tax.

## Deferred course expenses

We defer licensing fees paid to Rich Dad Operating Company LLC ("RDOC") and commissions and fees paid to our speakers and telemarketers until such time as the revenue is earned. Our speakers, who are all independent contractors, earn commissions on the cash receipts received at our training events and are paid approximately 45 days after the training event. The deferred course expenses are expensed as the corresponding deferred revenue is recognized. We also capitalize the commissions and fees paid to our speakers and expense them as the corresponding deferred revenue is recognized.

### *Advertising expenses*

We expense advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published. We incurred approximately \$17.5 million and \$18.6 million in advertising expense for the years ended December 31, 2013 and 2012, respectively, which is included in advertising and sales expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). Included in prepaid expenses and other current assets is approximately \$0.7 million and \$0.5 million of prepaid media costs as of December 31, 2013 and 2012, respectively.

### *Income taxes*

We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* ("ASC 740"). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, disclosures and transition.

### *Foreign currency translation*

We account for foreign currency translation in accordance with ASC 830, *Foreign Currency Translation*. The functional currencies of the Company's foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries' financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in stockholders' deficit. Business is generally transacted in a single currency not requiring meaningful currency transaction costs. We do not practice hedging as the risks do not warrant the costs.

### *Earnings per share*

Net income (loss) per share is computed by applying the provisions of ASC 260, *Earnings Per Share* ("ASC 260"). Basic net income (loss) per share is calculated using the weighted average number of common shares outstanding. Diluted income (loss) per share reflects the potential dilution that could occur from common shares issuable through stock options, restricted share grant awards and restricted performance shares, as appropriate.

As of December 31, 2013, there is a dilutive effect for the time based restricted shares and as of December 31, 2012, in accordance with the treasury stock method, there were no dilutive effects of the outstanding stock options or restricted stock awards. At December 31, 2013, there were 945,000 restricted share grant awards included in the calculation of earnings per share. At December 31, 2012 there were 10,000 stock options and 660,000 restricted share grant awards excluded from the calculation of earnings per share as these items were anti-dilutive. In addition, 200,000 restricted performance shares granted in 2013 vest based on the achievement of certain market conditions. In accordance with ASC 260, these shares are considered contingent shares and since the market conditions have not been satisfied, these shares are not considered in either the basic or diluted net income per share calculation.

The following is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per share for the fiscal years ended December 31, 2013 and 2012 (in thousands, except per share amounts):

	<u>2013</u>	<u>2012</u>
<b>Numerator:</b>		
Net income (loss) attributable to Tigrent Inc.'s common stockholders	\$ 4,329	\$ (5,556)
<b>Denominator:</b>		
Weighted average shares outstanding - basic	13,784	13,138
Effect of dilutive securities:		
Dilutive unvested restricted stock awards	<u>879</u>	<u>-</u>
Weighted average shares outstanding - diluted	<u>14,663</u>	<u>13,138</u>
Earnings (loss) per share - basic	\$ 0.31	(\$ 0.42)
Earnings (loss) per share - diluted	\$ 0.30	(\$ 0.42)

#### *Stock-based compensation*

We follow ASC 718, *Stock Compensation*, (“ASC 718”), which requires us to measure the cost of employee services received in exchange for all equity awards granted including stock options based on the estimated fair market value of the award as of the grant date. Compensation costs are recorded over the requisite service period which is generally the vesting period.

The amount of expense recognized in the consolidated financial statements represents the expense associated with restricted stock and stock options expected to ultimately vest based upon an estimated rate of forfeitures. Such compensation expense is included as a component of selling, general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

The rate of forfeitures is updated as necessary and any adjustments needed to recognize the fair value of restricted stock and stock options that actually vest or are forfeited are recorded. The Black-Scholes option pricing model, used to estimate the fair value of an award, requires the input of subjective assumptions, including the expected volatility of the Company's common stock and an option's expected life.

See Note 8—*Stock-Based Compensation*, for additional disclosures regarding our stock-based compensation.

#### *Comprehensive income (loss)*

Comprehensive income (loss) includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss) items. Our comprehensive income (loss) generally consists of changes in the cumulative foreign currency translation adjustment.

#### *Recent Accounting Pronouncements*

In August 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-15, “*Presentation of Financial Statements—Going Concern (Topic 205-40)*” (“ASU 2014-15”). Under the standard, management is required to evaluate for each annual and interim reporting period whether it is probable that the entity will not be able to meet its obligations as they become due within one year after the date that financial statements are issued, or are available to be issued, where applicable. ASU 2014-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In May 2014, the FASB issued ASU No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” (“ASU 2014-09”). The standard is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In April 2014, the FASB issued ASU No. 2014-08, “*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*” (“ASU 2014-08”) that changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business or nonprofit activity. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. ASU 2014-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. Accordingly, the standard is effective for us on January 1, 2015. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In July 2013, the FASB issued ASU No. 2013-11, “*Income Taxes (Topic 740)*” (“ASU 2013-11”) on the presentation of unrecognized tax benefits. This new guidance requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset when a net operating loss carry forward, a similar tax loss or a tax credit carry forward exists, with limited exceptions. This new guidance is effective for the periods beginning after December 15, 2013, and should be applied prospectively with retroactive application permitted. ASU 2013-11 did not have a material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, “*Comprehensive Income (Topic 220)*” requiring disclosure of amounts reclassified out of accumulated other comprehensive income (loss) by component. The amendment also requires entities to present significant amounts by the respective line items of net income (loss), either on the face of the income statement or in the notes to the financial statements for amounts required to be reclassified out of accumulated other comprehensive income (loss) in their entirety in the same reporting period. For other amounts that are not required to be reclassified to net income (loss) in their entirety, a cross-reference is required to other disclosures that provide additional details about those amounts. This guidance was effective prospectively for annual and interim periods beginning January 1, 2013 and is related to presentation only. Our adoption of the guidance did not impact our consolidated financial statements.

### **Note 3—Concentration Risk**

#### *Cash and Cash Equivalents*

We maintain deposits in banks which may exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of December 31, 2013 and 2012, including foreign subsidiaries, without FDIC coverage was \$3.4 million and \$1.8 million, respectively.

#### *Revenue*

A significant portion of our revenue is derived from the Rich Dad brands. For the years ended December 31, 2013 and 2012, Rich Dad brands provided 88% and 91% of our revenue, respectively. In addition, we have operations in the U.S., Canada and the United Kingdom (see Note 13).

### **Note 4—Impairment of Assets**

We test for impairment annually or when events or changes in circumstances indicate that an assets carrying amount may not be recoverable. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, we used Level 3 inputs for our nonrecurring measurements, defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities, to measure estimated fair market values. In November 2012, Process America, Inc., our then primary credit card processor, filed for bankruptcy protection, preventing our access to our funds on deposit with them. Although we have an outstanding claim with the bankruptcy court, we believe that the \$8.3 million deposit is uncollectible and, as a result, fully impaired this amount in our 2012 consolidated financial statements. We did not impair any assets during 2013.

## Note 5—Property and Equipment

Property and equipment consists of the following (in thousands):

	As of	
	December 31,	
	2013	2012
Land	\$ 782	\$ 782
Buildings	785	785
Software	2,607	2,613
Equipment	2,108	2,083
Furniture and fixtures	845	862
Building & leasehold improvements	1,115	1,101
Property and equipment	8,242	8,226
Less: accumulated depreciation	(6,950)	(6,810)
Property and equipment, net	\$ 1,292	\$ 1,416

Depreciation expense on property and equipment in each of the years ended December 31, 2013 and 2012 was approximately \$0.3 million.

## Note 6— Discontinued Operations and Related Disposal

In 2001, WIN CR II Trust, an affiliate of the Company, invested in Monterey del Mar, S.A. (“MDM”), a Panamanian corporation that was formed by unaffiliated promoters to acquire, develop and operate a beachfront hotel and land concession in Costa Rica known as Hotel Monterey Del Mar (the “Hotel”). However, because beach front property in Costa Rica must, by law, be owned or controlled only by Costa Rican citizens, the Hotel was acquired by Mar y Tierra del Oeste, a Costa Rican corporation (“MTO”) using the funds invested in MDM. To ensure the interests of the investors in MDM were protected, the Manager of MTO caused a Costa Rican trust to be formed (“IVR Trust”) into which 100% of the shares of MTO were held. The beneficiaries of the IVR Trust were the shareholders of MDM, pro rata.

The percentage interest of WIN CR II Trust in MDM (and therefore, the beneficial interest in the assets of IVR Trust) increased over time through the acquisition of shares of other investors in MDM such that from about 2007 through 2013 WIN CR II’s interest in MDM (and therefore the beneficial interest in the net assets of IVR Trust) was greater than 50% (67.5% in 2011, 2012 & 2013). Accordingly, the Company evaluated its beneficial interest in MTO, and thus the hotel and land concession, under ASC 810, “Consolidation” and determined that consolidation of the assets, liabilities, and financial results of MTO was appropriate. In making such determination, the Company considered such facts as the Company exercised elements of operational control over the Hotel and, through December 31, 2012, provided additional financial support to the Hotel. During the year ended December 31, 2012, the Company funded \$0.2 million directly to the Hotel operations.

In 2011, the IVR Trust committed to a plan to sell the shares of stock MTO stock held by the IVR Trust, which included the hotel and land concession (the “Discontinued Operations”). Accordingly, as of December 31, 2011, the net assets of MTO were written down to their estimated fair value less costs to sell.

In accordance with ASC 360, *Property, Plant and Equipment*, the assets and liabilities of the Discontinued Operations were classified as held for sale and its operations reported as discontinued operations. As a result, the Company has classified in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for all periods presented to reflect the operations as discontinued operations. In the accompanying Consolidated Statements of Cash Flows, the cash flows of discontinued operations are reported in the respective categories with those of continuing operations.

In September 2013, IVR Trust sold 100% of the shares of MTO to an unrelated third party for \$1.0 million in the form of a note receivable in the amount of \$0.8 million and cash of \$0.2 million placed in escrow that was used to extinguish certain liabilities. Pursuant to the IVR Trust documents, the sales proceeds received by IVR Trust are to be distributed to the trust beneficiaries, (i.e., investors in MDM) pro rata. As part of the sale, substantially all of the membership interests in MDM acknowledged in writing that they would be entitled to receive distributions of sales proceeds from the Trust in substitution for their right to receive payments for their membership interests in MDM. Although the sale was secured by the hotel, we have fully reserved our interest in the note receivable because of the continuing losses, liabilities to third parties and complex local laws which cast doubt as to the probability of collection. As a result we recognized a \$1.1 million loss on the sale of MTO as a loss on disposal of discontinued operations on the Consolidated Statements of Operations and Comprehensive Income (Loss) in 2013.

On the accompanying Consolidated Balance Sheets, as of December 31, 2012, the assets and liabilities of the Discontinued Operations are classified as held for sale and its operations reported as discontinued operations.

In conjunction with the sale of the shares of MTO, the IVR Trust negotiated a settlement on approximately \$0.8 million in MTO's third party liabilities for \$0.1 million, resulting in a gain on extinguishment of \$0.7 million, recorded in the loss on disposal of discontinued operations in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) in 2013.

MTO's fiscal year ends on September 30; however, there was no material impact from that date through the Company's fiscal year end of December 31.

The following table summarizes the results of Discontinued Operations for the years ended December 31, 2013 and 2012 (in thousands):

	Years ended December 31,	
	2012	2013
Revenue	\$ 380	\$ 586
Loss from discontinued operations, before income taxes	(131)	(258)
Income taxes	-	-
Loss from discontinued operations	<u>\$ (131)</u>	<u>\$ 258</u>

#### Note 7—Long-Term Debt

Long-term debt consists of the following (in thousands):

	December 31,	
	2013	2012
First note payable to Rich Dad Operating Company, LLC ("RDOC") for \$3.5 million in deferred royalty payments, as defined by the credit agreement entered into on March 25, 2011. This note is at a 6% interest rate. Beginning in April 2012, principal became payable monthly and interest will be paid quarterly with a maturity date of April 2015 (See Notes 11 and 15 for further discussion).	\$ 1,600	\$ 2,600
Second note payable to RDOC for additional deferred royalty payments, as defined by memorandum of understanding entered into on August 15, 2012. This note is interest free with a maturity date of December 31, 2014. This debt was forgiven by RDOC in 2013. (See Note 11 for further discussion).	-	1,651
Note payable to individuals for the settlement of litigation related to our noncontrolling interest entity in Costa Rica. Original face amount of \$0.3 million in October 2009. Interest payable quarterly at an 8.0% interest rate beginning in January 2011. Principal and interest payable quarterly beginning in January 2013. This note was fully repaid in October 2013.	-	300
Other installment notes payable for equipment financing	35	50
Long-term debt	1,635	4,601
Less: current portion	(1,208)	(1,315)
Long-term debt, net of current portion	<u>\$ 427</u>	<u>\$ 3,286</u>

Long-term debt matures as follows (in thousands): \$1,208 in 2014; \$409 in 2015; \$9 in 2016; and \$9 in 2017.

## Note 8—Stock-based Compensation

### 2009 Incentive Plan

Our 2009 Incentive Plan, which was approved by our stockholders on September 2, 2009, provides for the issuance of up to 1.3 million shares of our common stock. The 2009 Incentive Plan allows for the granting of a broad range of award types, including stock options (incentive and non-qualified), stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units and other stock awards. Employees, directors, officers and consultants are eligible to receive awards. The purpose of the 2009 Incentive Plan is to motivate participants to achieve long range goals, attract and retain eligible employees, provide incentives competitive with other similarly situated companies and align the interest of employees and directors with those of our stockholders. The 2009 Incentive Plan is administered by the Compensation Committee of the Board of Directors. On December 22, 2010, the Compensation Committee approved restricted stock award grants for 900,000 shares of common stock to certain officers pursuant to the 2009 Incentive Plan. The awards vest fully on December 22, 2014, or upon a “change of control”, as defined in the 2009 Incentive Plan. In addition, on December 22, 2010, we awarded 20,000 shares of common stock to each of our three non-employee independent directors, valued at \$0.06 per share, reflecting our stock price on the grant date. On March 3, 2011, the Compensation Committee approved restricted stock award grants for an aggregate of 85,000 shares of common stock to certain employees pursuant to the 2009 Incentive Plan. On November 9, 2011, the Compensation Committee approved restricted stock award grants for an aggregate of 90,000 shares of common stock to certain non-employee independent directors pursuant to the 2009 Incentive Plan. On December 12, 2011, the Compensation Committee approved restricted stock award grants for 100,000 shares of common stock to an officer pursuant to the 2009 Incentive Plan. In 2012, 375,000 shares of the approved restricted stock awards granted in 2010 were forfeited. On April 15, 2013, the Compensation Committee approved restricted stock award grants for an aggregate of 90,000 shares of common stock to certain non-employee independent directors pursuant to the 2009 Incentive Plan. On December 23, 2013, the Compensation Committee approved restricted stock award grants for an aggregate of 30,000 shares of common stock to a certain director pursuant to the 2009 Incentive Plan. In 2013, 45,000 shares of the approved restrictive stock awards granted in prior years were forfeited. On April 30, 2013, the Compensation Committee granted restricted stock award grants for an aggregate of 300,000 shares of common stock to a certain officer pursuant to the 2009 Incentive Plan. The awards vest fully on April 30, 2017, or upon a “change of control” as defined in the 2009 Incentive Plan. An aggregate of 65,000 shares remain available for further grants under this plan.

### 2012 Incentive Plan

Our 2012 Incentive Plan, which was approved by our stockholders on May 23, 2012, provides for the issuance of up to 750,000 shares of our common stock. This incentive plan supplements the 2009 Incentive Plan approved by the stockholders on September 2, 2009. The 2012 Incentive Plan allows for the granting of a broad range of award types, including stock options (incentive and non-qualified), stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units and other stock awards. Employees, directors, officers and consultants are eligible to receive awards. The purpose of the 2012 Incentive Plan is to motivate participants to achieve long range goals, attract and retain eligible employees, provide incentives competitive with other similarly situated companies and align the interest of employees and directors with those of our stockholders. The Incentive Plan is administered by the Compensation Committee of the Board of Directors. On April 30, 2013 the Compensation Committee granted restricted performance stock award grants for an aggregate of 200,000 shares of common stock to an officer pursuant to the 2012 Incentive Plan. The actual restricted shares that vest could be up to 300,000 shares if this officer exceeds performance criteria (as defined). If targets are met, the award vests 50,000 shares per year based on performance through 2017 or fully upon a “change of control” as defined in the Incentive Plan. In 2014, the first tranche of 50,000 restricted shares did not vest as the performance targets were not met. An aggregate of 550,000 shares remain available for further grants under this plan.

<b>Restricted Stock Activity</b>	<b>Number of Shares (000's)</b>	<b>Weighted Average Grant Date Fair Value</b>
Unvested at January 1, 2012	1,175	\$ 0.12
Granted	30	0.06
Vested	(170)	0.19
Forfeited	(375)	0.06
Unvested at December 31, 2012	660	\$ 0.14
Granted	390	0.14
Vested	(60)	0.46
Forfeited	(45)	0.09
Unvested at December 31, 2013	945	\$ 0.12

### *Compensation Expense and Related Valuation Techniques*

In accordance with ASC 718, we record compensation expense for all stock based payment awards made to employees and directors under the Company's Incentive Plans based on the market value of Tigrent's common stock on the date of issuance. The value of the portion of the awards that is ultimately expected to vest is recognized as an expense over the requisite service periods on a straight-line basis. Unrecognized compensation expense associated with unvested share-based payment awards, consisting entirely of unvested restricted stock, was \$115,450 and \$93,100 at December 31, 2013 and 2012, respectively. That cost is expected to be recognized over a weighted-average period of 1.9 years.

Our stock-based compensation expense was less than \$0.1 million for each of the years ended December 31, 2013 and 2012, and is included in general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss). There were no related income tax effects in either year.

#### **Note 9—Employee Benefit Plan**

We have a 401(k) employee savings plan for eligible employees that provide for a matching contribution from us, determined each year at our discretion. The Company did not match, and therefore incurred no expense, during 2013 and 2012.

#### **Note 10—Income Taxes**

We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset. In 2013 and 2012, we recorded a full valuation allowance against all net deferred tax assets because there was not sufficient evidence to conclude that we would more likely than not realize those assets prior to expiration.

As of December 31, 2013, we had approximately \$4.1 million of federal net operating loss carryforwards, approximately \$22.1 million of foreign net operating loss carryforwards and approximately \$10.4 million of state net operating loss carryforwards. The federal loss carryforwards will begin to expire in 2032, the foreign loss carryforwards begin to expire in 2027 and the state net operating loss carryforwards begin to expire in 2024.

In April 2013, the Company received a federal income tax refund in the amount of \$1.6 million that was recorded in income taxes receivable at December 31, 2012. The refund resulted from the carryback of a portion of the loss reflected on the Company's U.S. federal income tax return for the year ended December 31, 2012 to the years ended December 31, 2010 and December 31, 2011.

Our sources of income (loss) and income tax provision (benefit) are as follows (in thousands):

	Years ended December 31,	
	2013	2012
Income (loss) before income taxes:		
U.S.	\$ 4,018	\$ (5,302)
Non-U.S.	401	(792)
Total income before income taxes	<u>\$ 4,419</u>	<u>\$ (6,094)</u>
Provision (benefit) for taxes:		
Current:		
Federal	\$ -	\$ (1,711)
State	27	81
Non-U.S.	-	-
Total current	<u>27</u>	<u>(1,630)</u>
Deferred:		
Federal	\$ 423	\$ 1,124
State	2	(6)
Non-U.S.	(887)	(200)
Total Deferred	<u>(462)</u>	<u>918</u>
Total income tax provision (benefit)	<u>\$ (435)</u>	<u>\$ (712)</u>

During the year ended December 31, 2013, we decreased the valuation allowance by \$1.2 million.

The difference between the tax provision at the statutory federal income tax rate and the tax provision attributable to income (loss) from continuing operations before income taxes is as follows (in thousands):

	Years ended December 31,			
	2013		2012	
Computed expected federal tax expense	\$ 1,547	35.0%	\$ (2,133)	35.0%
Valuation allowance	(1,234)	-27.9%	1,420	-23.3%
Foreign bad debt write-off	(432)	-9.8%	-	
State income, net of federal benefit	82	1.9%	(135)	2.2%
Non-U.S. income taxed at different rates	33	0.7%	63	-1.0%
Uncertain tax position expense	(492)	-11.1%	169	-2.8%
Other	61	1.4%	(96)	1.6%
Total income tax provision (benefit)	<u>\$ (435)</u>	<u>-9.8%</u>	<u>\$ (712)</u>	<u>11.7%</u>

Deferred income tax assets and liabilities reflect the net tax effects of (i) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes and (ii) operating loss carryforwards. The tax effects of significant components of our deferred tax assets and liabilities are as follows (in thousands):

	December 31,	
	2013	2012
Deferred tax assets:		
Net operating losses	5,966	\$ 7,139
Tax credits	-	101
Accrued compensation, bonuses, severance	57	68
Allowance for bad debt	140	148
Intangible amortization	201	251
Legal settlement payable	-	113
Impaired assets	240	240
Accrued expenses	23	10
Deferred revenue	9,635	10,962
Depreciation	259	235
Capital loss carryover	1,254	388
Valuation allowance	(13,496)	(14,731)
Total deferred tax assets	<u>\$ 4,279</u>	<u>\$ 4,924</u>
Deferred tax liabilities:		
Deferred course expenses	\$ (4,279)	\$ (4,924)
Total deferred tax liabilities	<u>(4,279)</u>	<u>(4,924)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Deferred tax benefit related to the foreign currency translation adjustment was not material and was fully offset by a corresponding increase in the valuation allowance. These amounts, which net to zero, are reported in other comprehensive income. The deferred tax assets presented above for net operating losses and credits have been reduced by liabilities for unrecognized tax benefits.

The Company does not expect to repatriate earnings from its foreign subsidiaries because the cumulative earnings and profits of the foreign subsidiaries as of December 31, 2013 and 2012 are negative. Accordingly, no U.S. federal or state income taxes have been provided thereon.

During 2013, in accordance with GAAP, we increased the amount of the accrued liability pertaining to uncertain tax positions by \$0.5 million, from the total liability of \$1.7 million at December 31, 2012 to a total liability of \$2.2 million at December 31, 2013. We include interest and penalties in the liability for uncertain tax positions. Accrued interest and penalties on uncertain tax positions were approximately \$0.1 million and \$0.5 million at December 31, 2013 and 2012, respectively. Penalty and interest expense was accrued related to uncertain tax positions of (\$0.5) million and \$0.0 million for the years ended December 31, 2013 and 2012, respectively. We recognize interest and penalties related to uncertain tax positions as tax expense.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	2013	2012
Unrecognized tax benefits - January 1	\$ 1,720	\$ 1,705
Gross increases - tax positions in prior period	1	48
Gross decreases - tax positions in prior period	(18)	(33)
Gross increases - tax positions in current period	1,514	-
Settlement	(1,052)	-
Lapse in statute of limitations	-	-
Unrecognized tax benefits - December 31	<u>\$ 2,165</u>	<u>\$ 1,720</u>

During the year ended December 31, 2013, the Canada Revenue Agency concluded their audit of the international transactions of Rich Dad Education Ltd, a Canadian subsidiary of Tigrent Inc., for the years ended December 31, 2007, 2008 and 2009 with no material adjustments. The \$1.1 million reduction during 2013 for the settlement of prior year tax positions is due to the resolution of this Canadian transfer pricing audit.

The total liability for unrecognized tax benefits at December 31, 2013 is reflected in the Consolidated Balance Sheets as follows:

	December 31,	
	2013	2012
Reduction of net operating loss carryforwards	\$ 2,003	\$ 1,167
Reduction of tax credit carryforwards	101	-
Total reductions of deferred tax assets	2,104	1,167
Noncurrent tax liability (reflected in Other long-term liabilities)	61	553
Total liability for unrecognized tax benefits	<u>\$ 2,165</u>	<u>\$ 1,720</u>

We do not expect any significant changes to unrecognized tax benefits in the next year.

At December 31, 2013 and 2012, Tigrent estimated that \$0.1 million and \$0.5 million, respectively, of the unrecognized tax benefits, if recognized, would impact the effective tax rate. A substantial portion of our liability for uncertain tax benefits is recorded as a reduction of net operating losses and tax credit carryforwards.

During the year ended December 31, 2013, the Internal Revenue Service (“IRS”) completed their examination of the corporation tax returns of Tigrent Inc. and Subsidiaries of our federal tax returns for the years ended December 31, 2005, 2006, and 2007. The only resulting adjustments were those that were originally proposed by the Company. All material effects of these adjustments are reflected in the current consolidated financial statements.

On April 12, 2013, we were notified by the Canadian revenue Agency of their intent to audit the income tax returns of Rich Dad Education Ltd. for the years ended December 31, 2010 and 2011. This audit is currently in process and we believe that our accruals included in our 2013 consolidated financial statements are adequate.

Our federal and state tax returns and the majority of our state income tax returns, for all years after 2009 are subject to examination by tax authorities. Some 2008 state tax returns remain subject to examination by tax authorities. Our Canadian tax returns for all years after 2007 are subject to examination, as are our United Kingdom tax returns for all years after 2009.

#### **Note 11—Certain Relationships and Related Transactions**

Since 2006, we have had a contractual relationship with entities that control the Rich Dad brand, which promote the financial philosophy espoused by Robert Kiyosaki in his book, *Rich Dad Poor Dad*. Pursuant to a license agreement dated July 6, 2006 (“Rich Dad License Agreement”), we were the controlling member of Rich Dad Education, LLC (“RDE”), a limited liability company that was granted a license to use the Rich Dad trademarks, trade names and other business information in seminars that it conducted in the U.S., Canada and the United Kingdom. During the subsequent years, we have amended, replaced and/or entered into new agreements with Rich Dad Operating Company, LLC (“RDOC”) pertaining to our business relationship, as discussed further in the following paragraphs.

On May 26, 2010, we entered into definitive agreements with Rich Dad Operating Company, LLC (“RDOC”) and Rich Global, LLC (the “Rich Dad Parties”) to restructure the agreements under which we license and operate the Rich Dad brand. The Rich Dad Parties are entities controlled by Robert and Kim Kiyosaki. In connection with the restructuring, we entered into (i) a License Agreement with RDOC (the “2010 Rich Dad License Agreement”), relating to the Rich Dad brand, and (ii) a Settlement Agreement and Release with the Rich Dad Parties, (the “Settlement Agreement”), relating to the previous Rich Dad License Agreement for the Rich Dad brand.

In accordance with the terms of the Settlement Agreement, we issued 9.9% of our then outstanding common stock (1,290,000 shares) to Rich Global, LLC and redeemed their 49% membership interest in RDE. The Rich Dad Parties agreed to transfer the RDE assets to us, except for the data base of customer names and customer leads, resulting in full ownership by us of the business previously conducted by RDE. We agreed to dissolve RDE and terminate the license and administrative services agreements associated with RDE. We have responsibility for any and all liabilities remaining in RDE, including but not limited to obligations related to the fulfillment of course work for the Rich Dad students. We agreed to release the Rich Dad Parties from all general claims related to RDE and they agreed to release us from specific claims that they made against us and RDE in connection with its alleged default letter dated March 27, 2009. Among other things, the Settlement Agreement proposed enhanced cooperation in advertising, marketing, and educational programs between us and RDOC through a customer contact and data base management strategy that emphasized seamless support of the Rich Dad brand and its customers.

The 2010 Rich Dad License Agreement was for a term ending December 31, 2014. The 2010 Rich Dad License gave us the exclusive right to use Rich Dad intellectual property for services and products in live seminars and training courses in the U.S., Canada and the United Kingdom. The 2010 Rich Dad License Agreement also provided that we establish escrow and cash collateral accounts in an aggregate amount equal to 30% of our deferred revenues during the term of the 2010 Rich Dad License Agreement (the “Reserve Goal”) to secure, in part, our contractual commitments to the customers who purchased Rich Dad and other courses from us. After the Reserve Goal was met, we paid (i) to RDOC a current royalty (“Current Royalty”) of 3% of Gross Revenues and (ii) into the escrow account a deferred royalty of 5% of Gross Revenues (“Unfulfilled Royalty”). Under the 2010 Rich Dad License Agreement, the term “Gross Revenues” meant gross revenues related to the Rich Dad brands, net of merchant fees, taxes, shipping, refunds, rebates, bad debt and sums paid to RDOC’s third party coaching provider under a separate cross marketing agreement. In addition, we were required by the 2010 Rich Dad License Agreement to pay into the cash collateral account on a monthly basis the amount by which the average cash balance of all unrestricted funds in our accounts for the prior 90 day period (excluding the proceeds from the sale of, or other realization upon, any non-core assets or any cash accounts from RDE made available to us) exceeded \$6 million. As of December 31, 2012, \$1.6 million of funds held in this cash collateral account are included in restricted cash required by related party on the Consolidated Balance Sheet. Our merchant deposit (*i.e.*, credit card processor) reserve funds would also be credited to the Reserve Goal. After the Reserve Goal was met, we were required to pay RDOC royalty payments equal to 10% of Gross Revenues in lieu of paying the current royalty to RDOC and the unfulfilled royalty into the escrow account. If the combined amounts in the escrow account and the cash collateral account exceeded the Reserve Goal, the excess funds could be withdrawn from the escrow account twice each year and applied to the deferred fulfillment royalties that are due to RDOC. In addition, on a quarterly basis, RDOC could withdraw 40% of payments into the escrow account during the prior three-month period. The 2010 Rich Dad License Agreement contained covenants relating to performance standards and cash operating profits. We were limited in making any capital expenditures with respect to any businesses other than the Rich Dad Education Business that exceed \$500,000 per year without obtaining written approval from RDOC. We were also required to consult with RDOC prior to hiring a Chief Executive Officer, Chief Financial Officer or any other officer who reports directly to the Chief Executive Officer. RDOC had the right to have one representative observe all meetings of our Board of Directors in a non-voting capacity.

On March 25, 2011, we entered into a credit agreement with RDOC (“Credit Agreement”) that converted approximately \$3.5 million of royalty payments due as of December 31, 2010 into a promissory note with stated terms.

On August 31, 2012, we entered into a Memorandum of Understanding (“MOU”) with RDOC, whereby RDOC consented to the deferral by Tigrent of payment due under the 2010 License Agreement for (x) the shortfall of royalties payable by us for the month of July 2012 and (y) the entirety of royalties for each of the months of August and September 2012, all in the aggregate amount of \$1.7 million. The payment obligations for such deferrals was evidenced in an unsecured interest-free demand note payable from Tigrent to Rich Dad with a maturity date of December 31, 2014. The MOU also provided for (i) the appointment of Anthony C. Humpage to be Chief Executive Officer of Tigrent, (ii) the parties to amend the terms of the 2010 Rich Dad License Agreement to provide for the termination of such Agreement upon the occurrence of a Change in Control of Tigrent, as such term is defined in the Agreement and (iii) the parties to amend the Credit Agreement with RDOC to provide for the acceleration of the due date of all sums payable by Tigrent thereunder upon a Change of Control of Tigrent.

On or about September 18, 2012, Tigrent entered into (i) a First Amendment to the Credit Agreement and First Amendment to Promissory Note to provide that a Change of Control of Tigrent (as defined in the First Amendment) would constitute an Event of Default pursuant to which all indebtedness of Tigrent under the Credit Agreement shall automatically become due and payable, and (ii) a First Amendment to the 2010 Rich Dad License Agreement that provided that the License Agreement would terminate, without further action of the parties, upon a Change of Control of Tigrent.

On March 15, 2013, we entered into (i) a Second Amendment to the 2010 Rich Dad License Agreement with RDOC pursuant to which we were granted the exclusive right to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide and (ii) a related Royalty Payment Agreement. Under this Second Amendment and Royalty Payment Agreement, Tigrent had the unilateral right to retroactively pay up to half of each month’s royalties in the form of an interest-free promissory note, and up to 100% of each month’s royalties in the form of an interest free promissory note with the consent of RDOC. Promissory notes issued under this Second Amendment were due and payable on December 31, 2014 (*i.e.* the date of expiration of the 2010 Rich Dad License Agreement), but could be prepaid at any time without penalty. The Second Amendment and Royalty Payment Agreement also provided that the promissory notes issued thereunder would automatically convert into shares of preferred stock upon a Change of Control of Tigrent as defined in the Royalty Payment Agreement. We issued a series of promissory notes under this Second Amendment and Royalty Payment Agreement totaling \$3.6 million in royalties for the months commencing October 2012 through August 2013, inclusive. (As a result, \$1.2 million of royalties payable in the current liabilities in the accompanying Consolidated Balance Sheets, at December 31, 2012, was classified as long-term debt at December 31, 2013). All current and future royalties payable to RDOC were deferrable under this Amendment.

Effective September 1, 2013, we entered into a new licensing and related agreements with RDOC (collectively the “2013 License”) that replace the 2010 License Agreement that was scheduled to expire at the end of 2014. The initial term of the 2013 License expires August 31, 2018, but continues thereafter on a yearly basis unless one of the parties provides timely notice of termination. The 2013 License also (i) reduces the royalty rate payable to RDOC compared to the 2010 License Agreement; (ii) broadens the Company’s exclusivity rights to include education seminars delivered in any medium; (iii) eliminates the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues the right of Tigrent to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) continues the presence of an RDOC representative on the Tigrent’s Board of Directors; (vi) eliminated approximately \$1.6 million in debt in the accompanying Consolidated Balance Sheets of Tigrent as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vii) converted another approximately \$4.6 million in debt to 1,549,882 shares of common stock of Tigrent. The debt forgiveness of \$1.6 million is shown in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2013. The conversion of the debt to equity of \$4.6 million is shown in the Consolidated Statements of Changes in Stockholders’ Deficit for 2013. The unconverted debt at December 31, 2013 would convert to 1,600 shares of preferred stock upon a Change of Control (as defined) at a conversion rate of \$1,000 per share.

See Notes 14 and 15 for additional discussion.

## **Note 12— Capital Stock**

*Series A Preferred Stock.* Pursuant to its Articles of Incorporation, the Company is authorized to issue 10 million shares of Preferred Stock in one or more series at the discretion of the Board of Directors. In 2012, the Board of Directors of the Company created a new series of Preferred Stock designated “Series A Preferred Stock” that could be issued to RDOC in accordance with the terms of the Company’s Royalty Payment Agreement with RDOC. (See Note 11 above, for a discussion of the Royalty Payment Agreement.) The number of shares of Series A Preferred Stock authorized is 25,000 and is included in the 10 million shares of Authorized Preferred Stock.

*Rank* - The Series A Preferred Stock will rank, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company: (i) senior to all classes or series of the Company’s common stock (“Common Stock”), and all classes or series of capital stock of the Company now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; (ii) on parity with any class or series of capital stock of the Company expressly designated as ranking on parity with the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company; and (iii) junior to any class or series of capital stock of the Company expressly designated as ranking senior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The term “capital stock” does not include convertible or exchangeable debt securities, which will rank senior to the Series A Preferred Stock prior to conversion or exchange. The Series A Preferred Stock will rank junior in right of payment to the Company’s other existing and future debt obligations.

*Dividend Right* - Holders of Series A Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive, but only out of funds that are legally available therefore, cash dividends at the rate of one percent (1%) of the Original Issue Price (as defined below) per annum on each outstanding share of Series A Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors. The “Original Issue Price” of the Series A Preferred Stock is One Thousand Dollars (\$1,000) (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

Except as otherwise approved by the Board of Directors of the Company and a majority of the holders of Series A Preferred Stock, so long as any shares of Series A Preferred Stock are outstanding, the Company may not pay or declare any dividend (whether in cash or property), or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock, until all dividends on the Series A Preferred Stock shall declared by the Company have been paid or declared and set apart, except for:

- (i) acquisitions of Common Stock by the Company pursuant to agreements that permit the Company to repurchase such shares at no more than cost upon termination of services to the Company;
- (ii) acquisitions of Common Stock in exercise of the Company's right of first refusal to repurchase such shares; or
- (iii) distributions to holders of Common Stock upon liquidation.

Except as otherwise approved by the Board of Directors of the Company and a majority of the holders of Series A Preferred Stock, in the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series A Preferred Stock in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

*Liquidation Preference* - Upon (i) a "change of control" of the Company or (ii) any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (collectively, a "Liquidation Event"), before any distribution or payment shall be made to the holders of any Common Stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in a change of control) for each share of Series A Preferred Stock held by them, an amount per share of Series A Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series A Preferred Stock. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred Stock, then such assets (or consideration) shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

*Voting Rights* - Each holder of shares of the Series A Preferred Stock shall be entitled to 1,000 votes per share of the Series A Preferred Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company (the "Bylaws"). Except as otherwise provided herein or as required by law, the Series A Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

*Separate Vote of Series A Preferred Stock* - For so long as any shares of Series A Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series A Preferred Stock shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

Any agreement by the Company or its stockholders regarding a merger, sale of all or substantially all the assets, liquidation, dissolution or winding up of the Company (including a Change of Control (as defined in Section 4 hereof));

Any amendment, alteration, or repeal of any provision of the Articles (including any filing of a Certificate of Designation) or any agreement by the Company that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series A Preferred Stock so as to affect them adversely;

Any increase or decrease in the authorized number of shares of Common Stock or Preferred Stock;

Any authorization or any designation (or any obligation to authorize or designate), whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series A Preferred Stock in right of redemption, liquidation preference, voting or dividend rights or any increase in the authorized or designated number of any such class or series;

Any redemption, repurchase, payment or declaration of dividends or other distributions with respect to Common Stock or Preferred Stock other than dividends required pursuant to Section 3 hereof (except for acquisitions of Common Stock by the Company with the approval of the Board of Directors permitted by Section 3(c)(i), (ii) and (iii) hereof, and redemptions pursuant to Section 7 hereof);

Any amendment, alteration, or repeal of any provision of the Articles or the Bylaws of the Company;

Any increase or decrease in the authorized number of members of the Board of Directors.

Any transaction that encumbers all or substantially all of Company's property or business or grants an exclusive license for all or substantially all of its intellectual property, or any incurrence of indebtedness in excess of \$1 million individually or \$5 million in the aggregate in any 12-month period; provided that this restrictions shall not apply in connection with commercial credit arrangements, equipment financings or similar transactions with financial institutions, equipment lessors or similar entities, the terms of which are approved by the Board of Directors.

*Election of Board of Directors* - For so long as any shares of Series A Preferred Stock remain outstanding and the Licensing Agreement with and effective date of March 16, 2010 between the Company and Rich Dad is no longer effective, resulting in Rich Dad no longer being entitled to designate any member of the Board of Directors, then the holders of Series A Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such directors. The holders of Common Stock and Series A Preferred Stock, voting together as a single class on the basis of 1,000 votes per share of Series A Preferred Stock, shall be entitled to elect all remaining members of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of director, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such director.

*Conversion Rights* - The Series A Preferred Stock will not be convertible into Common Stock or any other securities of the Company.

*Redemption* - The Company, to the extent it may lawfully do so, may redeem any or all of the Series A Preferred Stock.

*Registration Rights* - Holders of the Series A Preferred Stock will not have any registration rights with respect to the Series A Preferred Stock.

*No Preemptive Rights* - No holder of Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Company (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Company.

### **Note 13— Segment Information**

We manage our business in three operating segments based on geographic areas for which operating managers are responsible to the Chief Operations Officer. As such, operating results, as reported below, are reviewed regularly by our Chief Operating Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team. Revenues are derived from the sale of real estate and financial market training courses, programs and products as listed below.

Many costs to acquire customers have been expended before a customer attends any basic or advanced training. Those costs include media, travel and lodging facilities and instructor fees for the preview workshops and are expensed when incurred. Licensing fees paid to the Rich Dad Parties and telemarketing and speaker commissions are deferred and recognized when the related revenue is recognized. Revenue recognition of course fees paid by customers to enroll in any basic or advanced training courses at registration is deferred until (i) the course is attended by the customer, (ii) the customer has received the course content in an electronic format, (iii) the contract expires, triggering revenue recognition through course breakage. It is only after one of those three occurrences that revenue is considered earned. Thus, reporting in accordance with GAAP creates significant timing differences between the receipt and disbursement of cash and the recognition of the related revenue and expenses, both in the accompanying Consolidated Statements of Cash Flows and Consolidated Statements of Operations and Comprehensive Income (Loss). As a result of these timing differences, our operating cash flows can vary significantly from our results of operations for the same period. For this reason, we believe Adjusted EBITDA is an important non-GAAP financial measure that is utilized by the CODM.

As used in our operating data, EBITDA is defined as net income (loss) excluding the impact of: interest expense; interest income; income tax provision; and depreciation and amortization. We define "Adjusted EBITDA" as EBITDA adjusted for: asset impairments; debt forgiveness; other income, net; gain/loss from sale of assets; legal settlements; impacts from our noncontrolling interests, losses from discontinued operations, the net change in deferred revenue; and the net change in deferred course expenses. Adjusted EBITDA is not a financial performance measurement according to GAAP.

We use Adjusted EBITDA as a key measure in evaluating our operations and decision-making. We feel it is a useful measure in determining our performance since it takes into account the change in deferred revenue and deferred course expenses in combination with our operating expenses. We reference Adjusted EBITDA frequently, since it provides supplemental information that facilitates internal comparisons to historical operating performance of prior periods and external comparisons to competitors' historical operating performance in our industry. We plan and forecast our business using Adjusted EBITDA, with comparisons of actual to planned and forecasted Adjusted EBITDA and we provide incentives to management based on Adjusted EBITDA goals. In addition, we provide Adjusted EBITDA because we believe investors and security analysts find it to be a useful measure for evaluating our performance.

Adjusted EBITDA has material limitations and should not be considered as an alternative to net income (loss), cash flows provided by operations, investing or financing activities or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Items excluded from Adjusted EBITDA are significant components in understanding our financial performance. Because Adjusted EBITDA is not a financial measurement calculated in accordance with GAAP and is subject to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of performance used by other companies.

The proportion of our total revenue and net income, and Adjusted EBITDA attributable to each operating segment is as follows:

<b>For the Year Ended December 31, 2013</b>	<b>U.S.</b>	<b>Canada</b>	<b>U.K and other Markets</b>	<b>Total</b>
Revenues	\$ 63,294	\$ 7,481	\$ 14,343	\$ 85,118
Changes in deferred revenue	(9,709)	(268)	2,627	(7,350)
Cash based sales	<u>\$ 53,585</u>	<u>\$ 7,213</u>	<u>\$ 16,970</u>	<u>\$ 77,768</u>
Net income attributable to Tigrent Inc.	3,041	152	1,136	4,329
Interest income	(17)	(1)	-	(18)
Interest expense	175	-	7	182
Provision (benefit) for income taxes	452	(887)	-	(435)
Depreciation and amortization	264	1	11	276
Other income, net	319	(160)	(708)	(549)
Forgiveness of debt	(1,652)	-	-	(1,652)
Loss on disposition of assets	11	-	5	16
Loss on discontinued operations	525	-	-	525
Net change in deferred revenue	(9,709)	(268)	2,627	(7,350)
Net change in deferred course expenses	1,732	(6)	(267)	1,459
Adjusted EBITDA	<u>\$ (4,859)</u>	<u>\$ (1,169)</u>	<u>\$ 2,811</u>	<u>\$ (3,217)</u>
All Assets	<u>\$ 20,890</u>	<u>\$ 2,344</u>	<u>\$ 3,426</u>	<u>\$ 26,660</u>

<b>For the Year Ended December 31, 2012</b>	<b>U.S.</b>	<b>Canada</b>	<b>U.K and other Markets</b>	<b>Total</b>
Revenues	\$ 66,603	\$ 7,102	\$ 10,327	\$ 84,032
Changes in deferred revenue	(4,097)	1,058	1,250	(1,789)
Cash based sales	<u>\$ 62,506</u>	<u>\$ 8,160</u>	<u>\$ 11,577</u>	<u>\$ 82,243</u>
Net (loss) attributable to Tigrent Inc.	(4,964)	(478)	(114)	(5,556)
Interest income	(14)	(1)	-	(15)
Interest expense	242	-	-	242
Benefit for income taxes	(513)	(199)	-	(712)
Depreciation and amortization	291	-	5	296
Impairment of deposits with credit card processor	8,313	-	-	8,313
Other income, net	(728)	(312)	(236)	(1,276)
Noncontrolling interest	(84)	-	-	(84)
Gain on disposition of assets	(22)	-	-	(22)
Losses from discontinued operations	258	-	-	258
Net change in deferred revenue	(4,097)	1,058	1,250	(1,789)
Net change in deferred course expenses	246	(391)	(125)	(270)
Adjusted EBITDA	<u>\$ (1,072)</u>	<u>\$ (323)</u>	<u>\$ 780</u>	<u>\$ (615)</u>
All Assets	<u>\$ 26,298</u>	<u>\$ 2,019</u>	<u>\$ 2,138</u>	<u>\$ 30,455</u>

Revenues are derived from the sale of real estate and financial market training courses, programs and products as listed below:

	Years Ended December 31,	
	<u>2013</u>	<u>2012</u>
Proprietary brands:		
Real estate training	\$ 9,265	\$ 6,444
Financial markets training	<u>757</u>	<u>714</u>
Subtotal	10,022	7,158
Rich Dad Education:		
Real estate training	64,339	63,790
Financial markets training	<u>10,757</u>	<u>13,084</u>
Subtotal	75,096	76,874
Total revenues	<u>\$ 85,118</u>	<u>\$ 84,032</u>

## Note 14—Commitments and Contingencies

### *Operating leases*

We lease office space for administrative and training requirements. These leases expire through February 2019 and some of them have renewal options and purchase options. In addition, certain office space leases provide for rent adjustment increases. The accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) reflects rent expense on a straight-line basis over the term of the lease.

Except for a lease for a condo with our Chief Executive Officer, there are no related party leases. Rent expense for the years ended December 31, 2013 and 2012 was approximately \$0.7 million and \$0.6 million, respectively.

We are committed to cash expenditures with respect to the contractual operating lease obligations set forth as follows: \$0.8 million in 2014; \$0.4 million in 2015; \$0.2 million in 2016, 2017 and 2018; and, less than \$0.1 million thereafter.

### *Custodial and Counterparty Risk*

The Company is subject to custodial and other potential forms of counterparty risk in respect of a variety of contractual and operational matters. In the course of ongoing company-wide risk assessment, management monitors the Company arrangements that involve potential counterparty risk, including the custodial risk associated with amounts prepaid to certain vendors and deposits with credit card and other payment processors. Deposits held by our credit card processors at December 31, 2013 and 2012 were \$2.6 million and \$1.6 million, respectively. These balances are included on the Consolidated Balance Sheets in restricted cash in 2013 and deposits with credit card processors in 2012. While these balances reside in major financial institutions, they are only partially covered by federal deposit insurance and are subject to the financial risk of the parties holding these funds. We do utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. Within a CDAR are numerous individual investments all below the FDIC limits thus one hundred percent insuring that portion of our cash.

### *Litigation*

Tigrent Group Inc., Rich Dad Education, LLC, and Tigrent Enterprises Inc. v. Cynergy Holding, LLC, Bank of America, N.A., BA Merchant Services, LLC, BMO Harris Bank, N.A. and Moneris Solutions Corporation, was originally filed in the U.S. District Court for the Eastern District of New York (No. 13 Civ. 03708) on June 28, 2013, but, due to a challenge to federal jurisdiction, was subsequently recommenced in the Supreme Court of New York, County of Queens (No. 703951/2013), on September 19, 2013. In the lawsuit, we are seeking, among other things, recovery of the \$8.3 million in reserve funds withheld from us in connection with credit card processing agreements executed with the Defendant credit card processing entities as well as with Process America (“PA”), a so-called “Independent Sales Organization” that places merchants with credit card processors. The Amended Complaint alleges that the Defendants breached their contractual obligations to us under our credit card processing agreements by improperly processing and transferring our reserve funds to PA. We allege that Bank of America and BA Merchant Services are liable for a portion of our total damages arising from these breach of contract claims (approximately \$4.7 million), while Cynergy, Harris Bank, and Moneris are liable for the total damages of approximately \$8.3 million. We also allege that Cynergy, Harris Bank and Moneris committed common law fraud and negligent misrepresentation by failing to disclose to us the unauthorized processing and transfers to PA notwithstanding their knowledge of the mishandling of funds and of the fact that PA had failed to maintain the reserve funds as required under the agreements. Pursuant to both of these claims, we allege that we are entitled to recover the full amount of our damages, as well as, with respect to the fraud claim and punitive damages.

Tigrent Group Inc. v. Process America, Inc., Case No 1:12-cv-01314-RLM, filed March 16, 2012 in the U.S. District Court for the Eastern District of New York. In this case we sought the return of the \$8.3 million credit card merchant reserve account deposit held by Process America, a so-called “Independent Sales Organization” that places merchants with credit card processors. On November 12, 2012, PA filed for bankruptcy protection in the U.S. Bankruptcy Court for the Central District of California (“Bankruptcy Court.”) On December 3, 2012, the Bankruptcy Court obtained jurisdiction of our dispute with PA. On June 21, 2013, the Tigrent Group filed its proof of claim with Bankruptcy Court in the amount of \$8.3 million.

Tigrent and Tranquility Bay of Southwest Florida, LLC v. Gulf Gateway Enterprises, LLC, Dunlap Enterprises, LLC, Anthony Scott Dunlap, Peter Gutierrez, and Ignacio Guigou, Case No. 11-CA-000342 filed January 28, 2011 in the 20<sup>th</sup> Judicial Circuit, Lee County, FL Civil Division. This is a suit brought by the Company and its affiliate, Tranquility Bay of Southwest Florida, LLC (“TBSWF”), of which the Company is the sole member. This suit (hereinafter referred to as Tigrent v. GGE) was brought to enforce the terms of a settlement agreement with the defendants that resolved a prior mortgage foreclosure suit brought by the Company to foreclose on property owned by TBSWF in Lee County, Florida (the “2009 Settlement”). Pursuant to the 2009 Settlement, the Company acquired the membership interest in TBSWF and the defendants made certain representations and warranties, and undertook certain obligations, regarding TBSWF and the property it owned. In the 2011 lawsuit, the Company and TBSWF alleged that the defendants breached the 2009 Settlement Agreement. The defendants and Drevid, LLC, another party to the 2009 Settlement, filed various counter- and cross-complaints against the Company and TWBSF for transferring the real property owned by TBSWF to a third party in 2010, allegedly in violation of the 2009 Settlement. Trial was held in the 20<sup>th</sup> Judicial Circuit, Lee County Florida and on August 4, 2014, the Court entered an order entering judgment in favor of the Company and TBSWF on the defendants’ counterclaims and Drevid LLC’s cross-claims and awarding the Company and TBSWF \$0.3 million in damages. The Company and TWBSF have filed a motion for its attorneys’ fees and pre-judgment interest on August 7, 2014. On August 8, 2014, the defendants and Drevid have filed Motions to Alter or Amend the Judgment and for New Trial and/or Rehearing. On October 22, 2014, the Court granted our motion for attorneys' fees and prejudgment interest and reserved jurisdiction to determine the amount of such fees and costs to be awarded to us. Also, on October 22, 2014, the Court denied the defendants' and Drevid's motions to Alter or Amend the Judgment and for a New Trial and/or Rehearing.

In a matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, the law firm of Aloia and Roland, LLP has filed a lawsuit captioned Aloia and Roland, LLP v. Anthony Scott Dunlap, Dunlap Enterprises, LLC, Tranquility Bay of Pine Island, LLC and Tranquility Bay of Southwest Florida, LLC, in the 20<sup>th</sup> Judicial Circuit for Lee County Florida to (i) enforce the terms of a promissory note in the principal amount of \$0.1 million allegedly issued by our affiliate, TBSWF, in payment of attorneys allegedly owed by TBSWF to the plaintiff, plus interest and late fees through the date of filing in the combined amount of \$0.1 million and (ii) to foreclose on a mortgage that placed by Aloia and Roland, LLP on the real property that was owned by TBSWF and transferred in 2010 that was the subject of the Tigrent v. GGE lawsuit described in the immediately preceding paragraph. This mortgage was placed on the real property prior to the Company acquiring TBSWF. The placing of the mortgage on the real property was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement Agreement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the lawsuit. TBSWF has defenses in this matter, although there can be no guarantee of a favorable outcome. In addition, TBSWF has made demand for indemnification on the Tigrent v. GGE defendants and Drevid, LLC under the 2009 Settlement Agreement.

Tranquility Bay of Southwest Florida, LLC v. Michael A. Schlosser; Rebecca H. Schlosser; Drevid, LLC; Anthony Scott Dunlap; Kayleen A. Dunlap; Dunlap Enterprises, LLC; GGE, LLC; Peter Gutierrez, and Ignacio, Case No. 14-CA-003160, filed October 30, 2014 in the Circuit Court of the 20<sup>th</sup> Judicial Circuit for Lee County, Florida. In another matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, TBSWF seeks a declaratory judgment against all defendants that (i) a promissory note allegedly issued to Michael Schlosser by Dunlap Enterprises, LLC on behalf of TBSWF in 2009 in the principal amount of approximately \$2.2 million plus interest through August 3, 2014 in the amount of approximately \$2.2 million (the “Schlosser Note”) is invalid and unenforceable, (ii) Dunlap Enterprises, LLC lacked the authority to execute the Schlosser Note on behalf of TBSWF, (iii) TBSWF received no consideration for the purported execution of the Schlosser Note, (iv) that the Schlosser Note is in fact a consolidation of debt incurred by defendants Anthony Scott Dunlap, Kayleen Dunlap, Dunlap Enterprises, LLC, and GGE, LLC, (v) all rights to the Schlosser Note were previously assigned to Drevid, LLC, and (vi) such other and further relief as deemed just and proper by the Court. The Schlosser Note was issued prior to the Company acquiring TBSWF. Michael Schlosser is affiliated with Drevid, LLC, a party to the Tigrent v. GGE lawsuit described above. The failure to inform the Company and TBSWF of the existence of the Schlosser Note was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the Note. In addition, TBSWF seeks indemnification from Mr. Dunlap, Dunlap Enterprises, LLC, Mr. Guigio and Mr. Gutierrez under the 2009 Settlement for fees and costs incurred by TBSWF in defending against claims by Michael Schlosser and Rebecca Schlosser under the Schlosser Note, including damages and prejudgment interest, and any additional relief deemed just and proper by the Court.

Watson v. Whitney Education Group, Inc. Russ Whitney, United Mortgage Corporation, Gulfstream Realty and Development, Inc. Douglas Realty, Inc. and Paradise Title Services, Inc., first filed September 21, 2007 in the 20<sup>th</sup> Judicial Circuit, Lee County, FL, Case No. 07-CA-011207. In this case (hereinafter referred to as “Watson v. WEG”), Jeffrey Watson (“Watson”) alleged against Whitney Education Group, Inc., a subsidiary of the Company, causes of action for breach of contract, breach of fiduciary duty, violation of Florida’s Deceptive and Unfair Trade Practices Act, breach of contractual obligation of good faith, constructive fraud, conspiracy to commit fraud, declaratory judgment, fraud in the inducement, Florida RICO conspiracy, and federal RICO conspiracy, based upon losses Watson alleges he incurred as the result of his purchase of real property from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson seeks compensatory damages in an unspecified amount, punitive damages, treble damages, injunctive relief, declaratory relief, and fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company’s by-laws. WEG has filed a motion to dismiss, which is still awaiting a ruling from the court.

In related matters, Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc. and Russell Whitney, Case No. 2008-CA-5870-NC and Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc. and Russell Whitney, Case No. 2008-CA-5877-NC, both filed June 6, 2008 in the 12<sup>th</sup> Judicial Circuit, Sarasota County, FL Civil Division. These matters arose out of two mortgage foreclosure actions by Huron River Area Credit Union against Jeffrey Watson (“Watson”), which involve the real property that is the subject of the Watson v. WEG matter, above. Watson filed a cross-complaint against the Company’s Whitney Education Group subsidiary, n/k/a Rich Dad Education Inc., (“WEG”) and Russell A. Whitney, the Company’s founder and former Chief Executive Officer. In his cross-complaints, Watson alleges causes of action for common law indemnity, breach of contract, breach of the Florida Unfair and Deceptive Trade Practices Act, and conspiracy to commit fraud based on the purchase land and improvements in Lee County, Florida from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson is seeking unspecified compensatory damages, punitive damages, attorney’s fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company’s by-laws. WEG has filed a motion to dismiss in each case, which are still awaiting a ruling from the court.

We are involved from time to time in routine legal matters incidental to our business, including disputes with students and requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations.

#### **Note 15—Subsequent Events**

On April 22, 2014, the Company entered into an agreement with Rich Dad Operating Company, LLC (“RDOC”) to settle certain claims the Company had against RDOC, Robert Kiyosaki, and Darren Weeks (the “Settlement Parties”) arising out of RDOC’s, Kiyosaki’s, and Weeks’s promotion of a series of live seminars and related products known as *Rich Dad:GEO* that the Company alleged infringed on its exclusive rights under the License Agreement between the Company and RDOC. In the settlement agreement, RDOC, Kiyosaki, and Weeks agreed to terminate any further activity in furtherance of the *Rich Dad:GEO* program. In addition, RDOC agreed, among other things, to (i) amend the License Agreement to halve the royalty payable by the Company to RDOC for the whole of 2014, (ii) cancelled approximately \$ 1.3 million in debt owed by the Company to RDOC in satisfaction of our monetary claims against the RDOC, and (iii) reimburse the Company for the legal fees it incurred in the matter.

**TIGRENT INC. AND SUBSIDIARIES**

**Consolidated Financial Statements**

**For the period ended June 30, 2014**

**TIGRENT INC. AND SUBSIDIARIES**  
**Cape Coral, FL**

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**TIGRENT INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	<u>June 30,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
	<u>(unaudited)</u>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,207	\$ 5,554
Restricted cash	2,734	3,061
Deferred course expenses	10,407	14,222
Prepaid expenses and other current assets	2,211	2,029
Income taxes receivable	31	72
Inventory	293	203
<b>Total current assets</b>	<u>21,883</u>	<u>25,141</u>
Property and equipment, net	1,366	1,292
Other assets	245	227
<b>Total assets</b>	<u>\$ 23,494</u>	<u>\$ 26,660</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 3,101	\$ 2,167
Royalties payable	29	186
Accrued course expenses	1,542	1,141
Accrued salaries, wages and benefits	666	530
Other accrued expenses	2,524	2,221
Long-term debt, current portion	8	1,208
Deferred revenue	62,660	73,262
<b>Total current liabilities</b>	<u>70,530</u>	<u>80,715</u>
Long-term debt, net of current portion	57	427
Deferred revenue, net of current portion	197	173
Other long-term liabilities	62	61
<b>Total liabilities</b>	<u>70,846</u>	<u>81,376</u>
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, no par value, 10,000,000 shares authorized, none issued	-	-
Common stock, no par value, 25,000,000 shares authorized, 14,928,469 and 14,868,469 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	7,825	7,825
Additional paid-in-capital	2,716	2,702
Cumulative foreign currency translation adjustment	(1,228)	(806)
Accumulated deficit	(56,665)	(64,437)
<b>Total stockholders' deficit</b>	<u>(47,352)</u>	<u>(54,716)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 23,494</u>	<u>\$ 26,660</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**Unaudited**  
(In thousands, except per share data)

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
Revenue	\$ 52,414	\$ 44,931
Direct course expenses	22,714	21,342
Advertising and sales expenses	11,448	11,636
Royalty expense	3,984	3,545
General and administrative expenses	<u>7,939</u>	<u>6,777</u>
Income from operations	6,329	1,631
Other income (expense):		
Litigation settlement	1,300	-
Other income (expense), net	<u>181</u>	<u>(97)</u>
Income before income taxes	7,810	1,534
(Provision) benefit for income taxes	<u>(38)</u>	<u>308</u>
Net income from continuing operations	7,772	1,842
Loss from discontinued operations	-	(27)
Net income	<u>\$ 7,772</u>	<u>\$ 1,815</u>
Basic weighted average net income (loss) per share attributable to common stockholders:		
From continuing operations	\$ 0.52	\$ 0.14
From discontinued operations	\$ 0.00	\$ 0.00
Net income attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.52</u>	<u>\$ 0.14</u>
Diluted weighted average net income (loss) per share attributable to common stockholders:		
From continuing operations	\$ 0.49	\$ 0.13
From discontinued operations	\$ 0.00	\$ 0.00
Net income attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.49</u>	<u>\$ 0.13</u>
Basic weighted average shares outstanding		
	<u>14,886</u>	<u>13,259</u>
Diluted weighted average shares outstanding		
	<u>15,843</u>	<u>13,982</u>
Comprehensive income (loss):		
Net income	\$ 7,772	\$ 1,815
Foreign currency translation adjustment	<u>(422)</u>	<u>124</u>
Comprehensive income	<u>\$ 7,350</u>	<u>\$ 1,939</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
**Unaudited**  
(In thousands)

	<b>Six months ended</b>	
	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
Cash flows from operating activities:		
Net income	\$ 7,772	\$ 1,815
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	111	159
Share-based compensation expense	14	-
Loss on disposition of assets	1	14
Deferred income taxes	1	(336)
Litigation settlement	(1,300)	-
Changes in operating assets and liabilities:		
Restricted cash	355	(1,273)
Deferred course expenses	3,864	(266)
Prepaid expenses and other current assets	(173)	(758)
Income taxes receivable	41	1,644
Inventory	(89)	(6)
Other assets	(13)	(28)
Accounts payable	895	353
Royalties payable	(156)	1,472
Accrued course expenses	390	474
Accrued salaries, wages and benefits	134	4
Other accrued expenses	266	758
Deferred revenue	(10,996)	(1,334)
Net cash provided by operating activities	<u>1,117</u>	<u>2,692</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(184)	(66)
Net cash used by investing activities	<u>(184)</u>	<u>(66)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	65	-
Payments on debt	(335)	(753)
Net cash used by financing activities	<u>(270)</u>	<u>(753)</u>
Effect of foreign currency exchange rates on cash and cash equivalents	(10)	(604)
Net increase in cash and cash equivalents	653	1,269
Cash and cash equivalents at beginning of period	5,554	2,605
Cash and cash equivalents at end of period	<u>\$ 6,207</u>	<u>\$ 3,874</u>
<b>Supplemental disclosure on non-cash activity:</b>		
Cash paid for interest	<u>\$ 33</u>	<u>\$ 103</u>
Cash paid (received) for income taxes	<u>\$ 1</u>	<u>\$ (1,486)</u>

The accompanying notes are an integral part of the condensed consolidated financial statements.

**TIGRENT INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Stockholders' Deficit**  
**Unaudited**  
**(In thousands)**

**Tigrent Inc.**

	<u>Common Stock</u>		<u>Additional paid-in capital</u>	<u>Cumulative foreign currency translation adjustment</u>	<u>Accumulated deficit</u>	<u>Total stockholders' deficit</u>
	<u>Shares</u>	<u>Amount</u>				
Balance at December 31, 2013	14,868	\$ 7,825	\$ 2,702	\$ (806)	\$ (64,437)	\$ (54,716)
Stock-based compensation expense	60	-	14	-	-	14
Foreign currency translation adjustment	-	-	-	(422)	-	(422)
Net income	-	-	-	-	7,772	7,772
Balance at June 30, 2014	<u>14,928</u>	<u>\$ 7,825</u>	<u>\$ 2,716</u>	<u>\$ (1,228)</u>	<u>\$ (56,665)</u>	<u>\$ (47,352)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

## TIGRENT INC. AND SUBSIDIARIES

### Notes to Condensed Consolidated Financial Statements (Unaudited)

#### Note 1—Business Description and Basis of Presentation

These interim financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position of Tigrent Inc. and its wholly-owned and majority-owned subsidiaries and affiliates (collectively referred to herein as the “Company,” “Tigrent,” “we,” “us” or “our”), results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period. The “Notes to Consolidated Financial Statements,” which are contained in the Company's 2013 annual report, should be read in conjunction with these consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation.

We are a provider of practical, high-quality and value-based training, conferences, publications, technology-based tools and mentoring to help students become financially knowledgeable. We provide students with comprehensive instruction and mentoring on the topics of real estate and financial instruments investing and entrepreneurship in the United States, the United Kingdom, and Canada. Our training is offered in non-accredited free preview workshops, as well as basic training, advanced courses, mentoring and coaching, primarily under the Rich Dad® Education brand (“Rich Dad”) which was created in 2006 under license from entities affiliated with Robert Kiyosaki, whose teachings and philosophies are detailed in the book titled, *Rich Dad Poor Dad*. In addition to Rich Dad, we market our products and services under a variety of brands, including Martin Roberts™ Independent Woman™, Women in Wealth™, and Brick Buy Brick™.

#### Note 2—Significant Accounting Policies

##### *Use of estimates*

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

##### *Cash and cash equivalents*

We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. We utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. The CDARS balance was \$1.5 million on June 30, 2014 and \$2.0 million on December 31, 2013. Within a CDAR are numerous individual investments all below the FDIC limits thus one hundred percent insuring that portion of our cash.

##### *Restricted cash*

Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors and cash collateral with our purchasing card provider. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. The hold back percentages are generally five percent of the monthly credit card charges that are held for six months. The cash collateral held by our charge card provider is unavailable unless we discontinue the usage of the purchasing card.

##### *Financial Instruments*

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 820-10, *Fair Value Measurements*, clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosure on fair value measurements. ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments consist primarily of cash and cash equivalents, notes receivable, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of the other financial instruments recognized on the consolidated balance sheet date (including receivables, payables and accrued liabilities) approximate their fair value.

ASC 820-10 describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that relate to financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

#### *Inventory*

Inventory consists primarily of books, videos and training materials held for sale to students enrolled in our training programs. Inventory is stated at the lower of cost or market using the first-in, first-out method.

#### *Deposits with credit card processors*

The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. The deposits are six months or less rolling reserves.

#### *Property and equipment*

Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as presented in the following table:

Buildings	40 years
Furniture fixtures and equipment	3-7 years
Purchased software	3 years

Leasehold improvements are amortized over the shorter of the estimated useful asset life or the remaining term of the applicable lease.

In accordance with GAAP, we evaluate the carrying amount of our long-lived assets such as property and equipment, and finite-lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by the comparison of its carrying amount with the future net cash flows the asset is expected to generate. We look primarily to the undiscounted future cash flows in the assessment of whether or not long-lived assets have been impaired. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

#### *Revenue recognition*

We recognize revenue in accordance with FASB ASC 605, *Revenue Recognition* ("ASC 605"). We recognize revenue when: (i) persuasive evidence of an arrangement exists, (ii) delivery of product has occurred or services have been rendered, (iii) the price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured. For product sales, these conditions are generally met upon shipment of the product to the student or completion of the sale transaction. For training and service sales, these conditions are generally met upon presentation of the training seminar or delivery of the service.

Some of our training and consulting contracts contain multiple deliverable elements that include training along with other products and services. In accordance with ASC 605-25, *Revenue Recognition – Multiple-Element Arrangements*, sales arrangements with multiple deliverables are divided into separate units of accounting if the deliverables in the sales contract meet the following criteria: (i) the delivered training or product has value to the client on a standalone basis, (ii) there is objective and reliable evidence of the contract price of undelivered items and (iii) delivery of any undelivered item is probable. The contract price of each element is generally determined by prices charged when sold separately. In certain arrangements, we offer these products bundled together at a discount. The discount is allocated on a pro-rata basis to each element based on the relative contract price of each element when contract price support exists for each element in the arrangements. The overall contract consideration is allocated among the separate units of accounting based upon their contract prices, with the amount allocated to the delivered item being limited to the amount that is not contingent upon the delivery of additional items or meeting other specified performance conditions. Contract price of the undelivered items is based upon the normal pricing practice for our existing training programs, consulting services, and other products, which are generally the prices of the items when sold separately.

Each transaction is separated into its specific elements and revenue for each element is recognized according to the following policies:

<b>Product</b>	<b>Recognition Policy</b>
Seminars	Deferred upon payment and recognized when the seminar is attended or delivered on-line
Online courses	Deferred upon sale and recognized over the delivery period
Coaching and mentoring sessions	Deferred and recognized as service is provided
Data subscriptions and renewals	Deferred and recognized on a straight-line basis over the subscription period

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line.

After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We recognized revenue at the conclusion of the contract period of approximately \$18.7 million and \$16.6 million, for the six months ended June 30, 2014 and 2013, respectively. Our reserve for course attendance after expiration was \$1.5 million at June 30, 2014 and 2013.

We provide a satisfaction guarantee to our customers. If a customer attends the first day of three day training, they can claim dissatisfaction and get a refund for the allocation value of that training. Very few customers exercise this guarantee.

Deferred revenue occurs from courses, online courses, mentorships, coaching sessions and website subscriptions and renewals in which payment is received before the service has been performed or if a customer contract expires. Deferred revenue is recognized into revenue as courses are attended in-person or on-line or coaching and mentor sessions are provided. While many of our course package contracts are two years, we consider the fulfillment of them as a current liability because a customer could complete a two year package in one year. We do have a few products that are scheduled to last beyond one year and are accounted for as long-term deferred revenue.

Revenue amounts are shown net of any sales tax.

#### *Deferred course expenses*

We defer licensing fees paid to Rich Dad Operating Company LLC ("RDOC") and commissions and fees paid to our speakers and telemarketers until such time as the revenue is earned. Our speakers, who are all independent contractors, earn commissions on the cash receipts received at our training events and are paid approximately 45 days after the training event. The deferred course expenses are expensed as the corresponding deferred revenue is recognized. We also capitalize the commissions and fees paid to our speakers and expense them as the corresponding deferred revenue is recognized.

#### *Advertising expenses*

We expense advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published. We incurred approximately \$9.6 million and \$9.4 million in advertising expense for the six months ended June 30, 2014 and 2013, respectively, which is included in advertising and sales expenses in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). Included in prepaid expenses and other current assets is approximately \$0.6 million and \$0.8 million of prepaid media costs as of June 30, 2014 and 2013, respectively.

### *Income taxes*

We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* (“ASC 740”). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

As required under ASC 740, we recognize income tax expense or benefit in interim periods by applying the estimated annual effective tax rate to year-to-date operating results. The expense or benefit computed using the estimated annual effective tax rate is adjusted to reflect discrete items, primarily the expense or benefit computed under ASC 740-10, which are evaluated and re-measured at each period.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, disclosures and transition.

### *Foreign currency translation*

We account for foreign currency translation in accordance with ASC 830, *Foreign Currency Translation*. The functional currencies of the Company’s foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries’ financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in stockholders’ deficit. Business is generally transacted in a single currency not requiring meaningful currency transaction costs. We do not practice hedging as the risks do not warrant the costs.

### *Earnings per share*

Net income (loss) per share is computed by applying the provisions of ASC 260, *Earnings Per Share* (“ASC 260”). Basic net income (loss) per share is calculated using the weighted average number of common shares outstanding. Diluted income (loss) per share reflects the potential dilution that could occur from common shares issuable through stock options, restricted share grant awards and restricted performance shares, as appropriate.

As of June 30, 2014 and 2013, there is a dilutive effect for the time based restricted shares, in accordance with the treasury stock method. There were 905,000 and 1,040,000 restricted share grant awards included in the calculation of earnings per share, for both basic and diluted, as of June 30, 2014 and 2013, respectively. In addition, 200,000 restricted performance shares granted in 2013 vest based on the achievement of certain market conditions. In accordance with ASC 260, these shares are considered contingent shares and since the market conditions have not been satisfied, these shares are not considered in either the basic or diluted net income per share calculation.

The following is a reconciliation of the numerator and denominator used in the computation of basic and diluted earnings per share for the six months ended June 30, 2014 and 2013, respectively (in thousands, except per share amounts):

	For the Six Months Ended June 30,	
	2014	2013
Numerator:		
Net income attributable to Tigrent Inc.'s common stockholders	\$ 7,772	\$ 1,815
Denominator:		
Weighted average shares outstanding - basic	14,886	13,259
Effect of dilutive securities:		
Dilutive unvested restricted stock awards	957	723
Weighted average shares outstanding - diluted	15,843	13,982
Earnings per share-basic	\$ 0.52	\$ 0.14
Earnings per share - diluted	\$ 0.49	\$ 0.13

#### *Stock-based compensation*

We follow ASC 718, *Stock Compensation*, (“ASC 718”), which requires us to measure the cost of employee services received in exchange for all equity awards granted including stock options based on the estimated fair market value of the award as of the grant date. Compensation costs are recorded over the requisite service period which is generally the vesting period.

The amount of expense recognized in the consolidated financial statements represents the expense associated with restricted stock and stock options expected to ultimately vest based upon an estimated rate of forfeitures. Such compensation expense is included as a component of selling, general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss).

The rate of forfeitures is updated as necessary and any adjustments needed to recognize the fair value of restricted stock and stock options that actually vest or are forfeited are recorded. The Black-Scholes option pricing model, used to estimate the fair value of an award, requires the input of subjective assumptions, including the expected volatility of the Company's common stock and an option's expected life.

#### *Comprehensive income (loss)*

Comprehensive income (loss) includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss) items. Our comprehensive income (loss) generally consists of changes in the cumulative foreign currency translation adjustment.

#### *Recent Accounting Pronouncements*

In August 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-15, “*Presentation of Financial Statements-Going Concern (Topic 205-40)*” (“ASU 2014-15”). Under the standard, management is required to evaluate for each annual and interim reporting period whether it is probable that the entity will not be able to meet its obligations as they become due within one year after the date that financial statements are issued, or are available to be issued, where applicable. ASU 2014-15 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In May 2014, the FASB issued ASU No. 2014-09, “*Revenue from Contracts with Customers (Topic 606)*” (“ASU 2014-09”). The standard is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. Accordingly, the standard is effective for us on January 1, 2017. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In April 2014, the FASB issued ASU No. 2014-08, “*Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*” (“ASU 2014-08”) that changes the requirements for reporting discontinued operations in Subtopic 205-20. A discontinued operation may include a component of an entity or a group of components of an entity, or a business or nonprofit activity. A disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. ASU 2014-08 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. Accordingly, the standard is effective for us on January 1, 2015. We will be evaluating the impact, if any, that the standard will have on our financial condition, results of operations, and disclosures in the near future.

In July 2013, the FASB issued ASU No. 2013-11, “*Income Taxes (Topic 740)*” (“ASU 2013-11”) on the presentation of unrecognized tax benefits. This new guidance requires an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, as a reduction to a deferred tax asset when a net operating loss carry forward, a similar tax loss or a tax credit carry forward exists, with limited exceptions. This new guidance is effective for the periods beginning after December 15, 2013, and should be applied prospectively with retroactive application permitted. ASU 2013-11 did not have a material impact on our consolidated financial statements.

### **Note 3—Concentration Risk**

#### *Cash and Cash Equivalents*

We maintain deposits in banks which may exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of June 30, 2014 and December 31, 2013, including foreign subsidiaries, without FDIC coverage was \$4.3 million and \$3.4 million, respectively.

#### *Revenue*

A significant portion of our revenue is derived from the Rich Dad brands. For the six months ended June 30, 2014 and 2013, Rich Dad brands provided 88% and 90% of our revenue, respectively. In addition, we have operations in the U.S., Canada and the United Kingdom (see Note 11).

### **Note 4—Impairment of Assets**

We test for impairment annually or when events or changes in circumstances indicate that an assets carrying amount may not be recoverable. In accordance with ASC 820, *Fair Value Measurements and Disclosures*, we used Level 3 inputs for our nonrecurring measurements, defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities, to measure estimated fair market values. There were no impaired assets during the six months ended June 30, 2014 and June 30, 2013.

### **Note 5— Discontinued Operation and Related Disposal**

In 2001, WIN CR II Trust, an affiliate of the Company, invested in Monterey del Mar, S.A. (“MDM”), a Panamanian corporation that was formed by unaffiliated promoters to acquire, develop and operate a beachfront hotel and land concession in Costa Rica known as Hotel Monterey Del Mar (the “Hotel”). However, because beach front property in Costa Rica must, by law, be owned or controlled only by Costa Rican citizens, the Hotel was acquired by Mar y Tierra del Oeste, a Costa Rican corporation (“MTO”) using the funds invested in MDM. To ensure the interests of the investors in MDM were protected, the Manager of MTO caused a Costa Rican trust to be formed (“IVR Trust”) into which 100% of the shares of MTO were held. The beneficiaries of the IVR Trust were the shareholders of MDM, pro rata.

The percentage interest of WIN CR II Trust in MDM (and therefore, the beneficial interest in the assets of IVR Trust) increased over time through the acquisition of shares of other investors in MDM such that from about 2007 through 2013 WIN CR II’s interest in MDM (and therefore the beneficial interest in the net assets of IVR Trust) was greater than 50% (67.5% in 2011, 2012 & 2013). Accordingly, the Company evaluated its beneficial interest in MTO, and thus the hotel and land concession, under ASC 810, “*Consolidation*” and determined that consolidation of the assets, liabilities, and financial results of MTO was appropriate. In making such determination, the Company considered such facts as the Company exercised elements of operational control over the Hotel and, through December 31, 2012, provided additional financial support to the Hotel. During the year ended December 31, 2012, the Company funded \$0.2 million directly to the Hotel operations.

In 2011, the IVR Trust committed to a plan to sell the shares of stock MTO stock held by the IVR Trust, which included the hotel and land concession (the “Discontinued Operations”). Accordingly, as of December 31, 2011, the net assets of MTO were written down to their estimated fair value less costs to sell.

In accordance with ASC 360, *Property, Plant and Equipment*, the assets and liabilities of the Discontinued Operations were classified as held for sale and its operations reported as discontinued operations. As a result, the Company has classified in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) for all periods presented to reflect the operations as discontinued operations. In the accompanying Consolidated Statements of Cash Flows, the cash flows of discontinued operations are reported in the respective categories with those of continuing operations.

In September 2013, IVR Trust sold 100% of the shares of MTO to an unrelated third party for \$1.0 million in the form of a note receivable in the amount of \$0.8 million and cash of \$0.2 million placed in escrow that was used to extinguish certain liabilities. Pursuant to the IVR Trust documents, the sales proceeds received by IVR Trust are to be distributed to the trust beneficiaries, (i.e., investors in MDM) pro rata. As part of the sale, substantially all of the membership interests in MDM acknowledged in writing that they would be entitled to receive distributions of sales proceeds from the Trust in substitution for their right to receive payments for their membership interests in MDM. Although the sale was secured by the hotel, we have fully reserved our interest in the note receivable because of the continuing losses, liabilities to third parties and complex local laws which cast doubt as to the probability of collection. As a result we recognized a \$1.1 million loss on the sale of MTO as a loss on disposal of discontinued operations on the Consolidated Statements of Operations and Comprehensive Income (Loss) in the third quarter of 2013.

In conjunction with the sale of the shares of MTO, the IVR Trust negotiated a settlement on approximately \$0.8 million in MTO's third party liabilities for \$0.1 million, resulting in a gain on extinguishment of \$0.7 million, recorded in the loss on disposal of discontinued operations in the accompanying Consolidated Statements of Operations and Comprehensive Income (Loss) in the third quarter of 2013.

MTO's fiscal year ends on September 30; however, there was no material impact from that date through the Company's fiscal year end of December 31.

The following table summarizes the results of Discontinued Operations for the six months ended June 30, 2014 and 2013 (in thousands):

**Profit/Loss from Discontinued Operations** —The following table summarizes the results of Discontinued Operations (in thousands)

	<b>For Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
Revenue	\$ -	\$ 314
Income (loss) before taxes	\$ -	\$ (27)

#### **Note 6—Long-Term Debt**

On April 22, 2014, the Company entered into an agreement with Rich Dad Operating Company, LLC ("RDOC") to settle certain claims the Company had against RDOC, Robert Kiyosaki, and Darren Weeks (the "Settlement Parties") arising out of RDOC's, Kiyosaki's, and Weeks's promotion of a series of live seminars and related products known as *Rich Dad:GEO* that the Company alleged infringed on its exclusive rights under the License Agreement between the Company and RDOC. In the settlement agreement, RDOC, Kiyosaki, and Weeks agreed to terminate any further activity in furtherance of the *Rich Dad:GEO* program. In addition, RDOC agreed, among other things, to (i) amend the License Agreement to halve the royalty payable by the Company to RDOC for the whole of 2014, (ii) cancelled approximately \$ 1.3 million in debt owed by the Company to RDOC in satisfaction of our monetary claims against the RDOC, and (iii) reimburse the Company for the legal fees it incurred in the matter.

The debt cancellation effectively eliminated our remaining long-term debt, except for certain equipment financing, and as a result, the cancelled debt is reflected as litigation settlement in the accompanying Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) for the six months ended June 30, 2014. As a result of this agreement, our royalty expense was overstated by \$0.4 million in the first quarter of 2014 and was adjusted in the second quarter of 2014 to adhere to the agreement.

## Note 7—Stock-based Compensation

### Incentive Plans

Our 2012 Incentive Plan, which was approved by our stockholders on May 23, 2012, provides for the issuance of up to 750,000 shares of our common stock. This incentive plan supplements the 2009 Incentive Plan approved by the stockholders on September 2, 2009. The 2012 Incentive Plan allows for the granting of a broad range of award types, including stock options (incentive and non-qualified), stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units and other stock awards. Employees, directors, officers and consultants are eligible to receive awards. The purpose of the 2012 Incentive Plan is to motivate participants to achieve long range goals, attract and retain eligible employees, provide incentives competitive with other similarly situated companies and align the interest of employees and directors with those of our stockholders. The Incentive Plan is administered by the Compensation Committee of the Board of Directors. In the six months ended June 30, 2014, the Compensation Committee approved restricted stock award grants for an aggregate of 120,000 shares of common stock to certain non-employee independent directors pursuant to the 2012 Incentive Plan.

Unrecognized compensation expense associated with unvested share-based payment awards, consisting entirely of unvested restricted stock, was \$107,050 and \$146,800 as of June 30, 2014 and 2013, respectively. That cost is expected to be recognized over a weighted-average period of 1.5 years.

	Number of Shares (000's)	Average Grant Date Fair Value
Restricted Stock Activity		
Unvested at January 1, 2014	945	0.12
Granted	120	0.08
Vested	(60)	0.2
Forfeited	(100)	0.06
Unvested at June 30, 2014	<u>905</u>	<u>\$ 0.12</u>

Our stock-based compensation expense was not material for each the six months ended June 30, 2014 and 2013.

## Note 8—Income Taxes

Significant management judgment is required in developing our provision for income taxes, including the determination of foreign tax liabilities, deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. Management evaluates our ability to realize its deferred tax assets on a quarterly basis and adjusts the valuation allowance when it believes that it is more likely than not that not all or a portion of the asset will not be realized. Management has determined that it is more likely than not that the net deferred tax assets will not be realized, and therefore a full valuation allowance has been recorded on the net deferred tax assets.

Tigrent's second quarter effective tax rates in 2014 and 2013 were .5% and -20.2% respectively. The customary relationship between income tax expense and pre-tax income was affected by the maintenance of a full valuation allowance in both periods, and by a discrete item in 2013. In the second quarter of 2013 we concluded the Canadian transfer pricing audit. The effective tax rate for the second quarter of 2013 included a discrete benefit of \$1.0 million.

In April 2013, the Company received a federal income tax refund in the amount of \$1.6 million. The refund resulted from the carryback of a portion of the loss reflected on the Company's U.S. federal income tax return for the year ended December 31, 2012 to the years ended December 31, 2010 and December 31, 2011.

During the six months ended June 30, 2014, there was no change in the amount of the total accrued liability pertaining to uncertain tax benefits of \$2.2 million at both December 31, 2013 and at June 30, 2014. During the six months ended June 30, 2013, in accordance with GAAP, we decreased the amount of the accrued liability pertaining to uncertain tax benefits by \$1.0 million, from the total liability of \$1.7 million at December 31, 2012 to a total liability of \$.7 million at June 30, 2013. This reduction of accrued liability pertaining to uncertain tax benefits was a result of the favorable settlement of the income tax portion of the Canadian transfer pricing audit of Rich Dad Education Ltd. (Canada).

We include interest and penalties in the liability for uncertain tax positions. Accrued interest and penalties on uncertain tax positions were approximately \$.1 million and \$.2 million at June 30, 2014 and June 30, 2013, respectively.

We do not expect any significant changes to uncertain tax positions within the next 12 months. At June 30, 2014, Tigrent estimated that \$.1 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate. A substantial portion of our liability for uncertain tax positions is recorded as a reduction of net operating loss and tax credit carryovers.

Our federal tax returns and the majority of our state income tax returns for all years after 2009 are subject to examination by tax authorities. Some 2008 state tax returns remain subject to examination by tax authorities. Our Canadian tax returns for all years after 2008 are subject to examination, as our United Kingdom tax returns for all years after 2009.

On April 12, 2013, we were notified by the Canada Revenue Agency of their intent to audit the income tax returns of Rich Dad Education Ltd. for the years ended December 31, 2010 and 2011. This audit remains in process, and we believe that our accruals for tax liabilities are adequate.

#### **Note 9—Certain Relationships and Related Transactions**

Since 2006, we have had a contractual relationship with entities that control the Rich Dad brand, which promote the financial philosophy espoused by Robert Kiyosaki in his book, *Rich Dad Poor Dad*. Pursuant to a license agreement dated July 6, 2006 (“Rich Dad License Agreement”), we were the controlling member of Rich Dad Education, LLC (“RDE”), a limited liability company that was granted a license to use the Rich Dad trademarks, trade names and other business information in seminars that it conducted in the U.S., Canada and the United Kingdom. During the subsequent years, we have amended, replaced and/or entered into new agreements with Rich Dad Operating Company, LLC (“RDOC”) pertaining to our business relationship, as discussed further in the following paragraphs.

On May 26, 2010, we entered into definitive agreements with Rich Dad Operating Company, LLC (“RDOC”) and Rich Global, LLC (the “Rich Dad Parties”) to restructure the agreements under which we license and operate the Rich Dad brand. The Rich Dad Parties are entities controlled by Robert and Kim Kiyosaki. In connection with the restructuring, we entered into (i) a License Agreement with RDOC (the “2010 Rich Dad License Agreement”), relating to the Rich Dad brand, and (ii) a Settlement Agreement and Release with the Rich Dad Parties, (the “Settlement Agreement”), relating to the previous Rich Dad License Agreement for the Rich Dad brand.

In accordance with the terms of the Settlement Agreement, we issued 9.9% of our then outstanding common stock (1,290,000 shares) to Rich Global, LLC and redeemed their 49% membership interest in RDE. The Rich Dad Parties agreed to transfer the RDE assets to us, except for the data base of customer names and customer leads, resulting in full ownership by us of the business previously conducted by RDE. We agreed to dissolve RDE and terminate the license and administrative services agreements associated with RDE. We have responsibility for any and all liabilities remaining in RDE, including but not limited to obligations related to the fulfillment of course work for the Rich Dad students. We agreed to release the Rich Dad Parties from all general claims related to RDE and they agreed to release us from specific claims that they made against us and RDE in connection with its alleged default letter dated March 27, 2009. Among other things, the Settlement Agreement proposed enhanced cooperation in advertising, marketing, and educational programs between us and RDOC through a customer contact and data base management strategy that emphasized seamless support of the Rich Dad brand and its customers.

On March 25, 2011, we entered into a credit agreement with RDOC (“Credit Agreement”) that converted approximately \$3.5 million of royalty payments due as of December 31, 2010 into a promissory note with stated terms.

On August 31, 2012, we entered into a Memorandum of Understanding (“MOU”) with RDOC, whereby RDOC consented to the deferral by Tigrent of payment due under the 2010 License Agreement for (x) the shortfall of royalties payable by us for the month of July 2012 and (y) the entirety of royalties for each of the months of August and September 2012, all in the aggregate amount of \$1.7 million. The payment obligations for such deferrals was evidenced in an unsecured interest-free demand note payable from Tigrent to Rich Dad with a maturity date of December 31, 2014. The MOU also provided for (i) the appointment of Anthony C. Humpage to be Chief Executive Officer of Tigrent, (ii) the parties to amend the terms of the 2010 Rich Dad License Agreement to provide for the termination of such Agreement upon the occurrence of a Change in Control of Tigrent, as such term is defined in the Agreement and (iii) the parties to amend the Credit Agreement with RDOC to provide for the acceleration of the due date of all sums payable by Tigrent thereunder upon a Change of Control of Tigrent.

On or about September 18, 2012, Tigrent entered into (i) a First Amendment to the Credit Agreement and First Amendment to Promissory Note to provide that a Change of Control of Tigrent (as defined in the First Amendment) would constitute an Event of Default pursuant to which all indebtedness of Tigrent under the Credit Agreement shall automatically become due and payable, and (ii) a First Amendment to the 2010 Rich Dad License Agreement that provided that the License Agreement would terminate, without further action of the parties, upon a Change of Control of Tigrent.

On March 15, 2013, we entered into (i) a Second Amendment to the 2010 Rich Dad License Agreement with RDOC pursuant to which we were granted the exclusive right to develop, market, and sell Rich Dad-branded live seminars, training courses, and related products worldwide and (ii) a related Royalty Payment Agreement. Under this Second Amendment and Royalty Payment Agreement, Tigrent had the unilateral right to retroactively pay up to half of each month's royalties in the form of an interest-free promissory note, and up to 100% of each month's royalties in the form of an interest free promissory note with the consent of RDOC. Promissory notes issued under this Second Amendment were due and payable on December 31, 2014 (i.e. the date of expiration of the 2010 Rich Dad License Agreement), but could be prepaid at any time without penalty. The Second Amendment and Royalty Payment Agreement also provided that the promissory notes issued thereunder would automatically convert into shares of preferred stock upon a Change of Control of Tigrent as defined in the Royalty Payment Agreement. We issued a series of promissory notes under this Second Amendment and Royalty Payment Agreement totaling \$3.6 million in royalties for the months commencing October 2012 through August 2013, inclusive.

Effective September 1, 2013, we entered into a new licensing and related agreements with RDOC (collectively the "2013 License") that replace the 2010 License Agreement that was scheduled to expire at the end of 2014. The initial term of the 2013 License expires August 31, 2018, but continues thereafter on a yearly basis unless one of the parties provides timely notice of termination. The 2013 License also (i) reduces the royalty rate payable to RDOC compared to the 2010 License Agreement; (ii) broadens the Company's exclusivity rights to include education seminars delivered in any medium; (iii) eliminates the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues the right of Tigrent to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) continues the presence of an RDOC representative on the Tigrent's Board of Directors; (vi) eliminated approximately \$1.6 million in debt in the accompanying Consolidated Balance Sheets of Tigrent as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vii) converted another approximately \$4.6 million in debt to 1,549,882 shares of common stock of Tigrent. The debt forgiveness of \$1.6 million is shown in the Consolidated Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2013. The conversion of the debt to equity of \$4.6 million is shown in the Consolidated Statements of Changes in Stockholders' Deficit for 2013.

#### **Note 10— Capital Stock**

*Series A Preferred Stock.* Pursuant to its Articles of Incorporation, the Company is authorized to issue 10 million shares of Preferred Stock in one or more series at the discretion of the Board of Directors. In 2012, the Board of Directors of the Company created a new series of Preferred Stock designated "Series A Preferred Stock" that could be issued to RDOC in accordance with the terms of the Company's Royalty Payment Agreement with RDOC. (See Note 9 above, for a discussion of the Royalty Payment Agreement.) The number of shares of Series A Preferred Stock authorized is 25,000 and is included in the 10 million shares of Authorized Preferred Stock.

*Rank* - The Series A Preferred Stock will rank, with respect to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company: (i) senior to all classes or series of the Company's common stock ("Common Stock"), and all classes or series of capital stock of the Company now or hereafter authorized, issued or outstanding expressly designated as ranking junior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; (ii) on parity with any class or series of capital stock of the Company expressly designated as ranking on parity with the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the Company; and (iii) junior to any class or series of capital stock of the Company expressly designated as ranking senior to the Series A Preferred Stock as to dividend rights and rights upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company. The term "capital stock" does not include convertible or exchangeable debt securities, which will rank senior to the Series A Preferred Stock prior to conversion or exchange. The Series A Preferred Stock will rank junior in right of payment to the Company's other existing and future debt obligations.

*Dividend Right* - Holders of Series A Preferred Stock, in preference to the holders of Common Stock, shall be entitled to receive, but only out of funds that are legally available therefore, cash dividends at the rate of one percent (1%) of the Original Issue Price (as defined below) per annum on each outstanding share of Series A Preferred Stock. Such dividends shall be payable only when, as and if declared by the Board of Directors. The "Original Issue Price" of the Series A Preferred Stock is One Thousand Dollars (\$1,000) (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof).

Except as otherwise approved by the Board of Directors of the Company and a majority of the holders of Series A Preferred Stock, so long as any shares of Series A Preferred Stock are outstanding, the Company may not pay or declare any dividend (whether in cash or property), or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any shares of Common Stock, until all dividends on the Series A Preferred Stock shall declared by the Company have been paid or declared and set apart, except for:

- (i) acquisitions of Common Stock by the Company pursuant to agreements that permit the Company to repurchase such shares at no more than cost upon termination of services to the Company;
  - (ii) acquisitions of Common Stock in exercise of the Company's right of first refusal to repurchase such shares;
- or
- (iii) distributions to holders of Common Stock upon liquidation.

Except as otherwise approved by the Board of Directors of the Company and a majority of the holders of Series A Preferred Stock, in the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series A Preferred Stock in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

*Liquidation Preference* - Upon (i) a "change of control" of the Company or (ii) any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (collectively, a "Liquidation Event"), before any distribution or payment shall be made to the holders of any Common Stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution (or the consideration received by the Company or its stockholders in a change of control) for each share of Series A Preferred Stock held by them, an amount per share of Series A Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series A Preferred Stock. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred Stock, then such assets (or consideration) shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

*Voting Rights* - Each holder of shares of the Series A Preferred Stock shall be entitled to 1,000 votes per share of the Series A Preferred Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company (the "Bylaws"). Except as otherwise provided herein or as required by law, the Series A Preferred Stock shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

*Separate Vote of Series A Preferred Stock* - For so long as any shares of Series A Preferred Stock remain outstanding (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series A Preferred Stock shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

Any agreement by the Company or its stockholders regarding a merger, sale of all or substantially all the assets, liquidation, dissolution or winding up of the Company (including a Change of Control (as defined in Section 4 hereof));

Any amendment, alteration, or repeal of any provision of the Articles (including any filing of a Certificate of Designation) or any agreement by the Company that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series A Preferred Stock so as to affect them adversely;

Any increase or decrease in the authorized number of shares of Common Stock or Preferred Stock;

Any authorization or any designation (or any obligation to authorize or designate), whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series A Preferred Stock in right of redemption, liquidation preference, voting or dividend rights or any increase in the authorized or designated number of any such class or series;

Any redemption, repurchase, payment or declaration of dividends or other distributions with respect to Common Stock or Preferred Stock other than dividends required pursuant to Section 3 hereof (except for acquisitions of Common Stock by the Company with the approval of the Board of Directors permitted by Section 3(c)(i), (ii) and (iii) hereof, and redemptions pursuant to Section 7 hereof);

Any amendment, alteration, or repeal of any provision of the Articles or the Bylaws of the Company;

Any increase or decrease in the authorized number of members of the Board of Directors.

Any transaction that encumbers all or substantially all of Company's property or business or grants an exclusive license for all or substantially all of its intellectual property, or any incurrence of indebtedness in excess of \$1 million individually or \$5 million in the aggregate in any 12-month period; provided that this restrictions shall not apply in connection with commercial credit arrangements, equipment financings or similar transactions with financial institutions, equipment lessors or similar entities, the terms of which are approved by the Board of Directors.

*Election of Board of Directors* - For so long as any shares of Series A Preferred Stock remain outstanding and the Licensing Agreement with and effective date of March 16, 2010 between the Company and Rich Dad is no longer effective, resulting in Rich Dad no longer being entitled to designate any member of the Board of Directors, then the holders of Series A Preferred Stock, voting as a separate class, shall be entitled to elect one (1) member of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such directors. The holders of Common Stock and Series A Preferred Stock, voting together as a single class on the basis of 1,000 votes per share of Series A Preferred Stock, shall be entitled to elect all remaining members of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of director, and to remove from office such directors in accordance with applicable law and to fill any vacancy caused by the resignation, death or removal of such director.

*Conversion Rights* - The Series A Preferred Stock will not be convertible into Common Stock or any other securities of the Company.

*Redemption* - The Company, to the extent it may lawfully do so, may redeem any or all of the Series A Preferred Stock.

*Registration Rights* - Holders of the Series A Preferred Stock will not have any registration rights with respect to the Series A Preferred Stock.

*No Preemptive Rights* - No holder of Series A Preferred Stock shall be entitled to any preemptive rights to subscribe for or acquire any unissued shares of capital stock of the Company (whether now or hereafter authorized) or securities of the Company convertible into or carrying a right to subscribe to or acquire shares of capital stock of the Company.

#### **Note 11— Segment Information**

We manage our business in three operating segments based on geographic areas for which operating managers are responsible to the Chief Operations Officer. As such, operating results, as reported below, are reviewed regularly by our Chief Operating Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team. Revenues are derived from the sale of real estate and financial market training courses, programs and products as listed below.

Many costs to acquire customers have been expended before a customer attends any basic or advanced training. Those costs include media, travel and lodging facilities and instructor fees for the preview workshops and are expensed when incurred. Licensing fees paid to the Rich Dad Parties and telemarketing and speaker commissions are deferred and recognized when the related revenue is recognized. Revenue recognition of course fees paid by customers to enroll in any basic or advanced training courses at registration is deferred until (i) the course is attended by the customer, (ii) the customer has received the course content in an electronic format, (iii) the contract expires, triggering revenue recognition through course breakage. It is only after one of those three occurrences that revenue is considered earned. Thus, reporting in accordance with GAAP creates significant timing differences between the receipt and disbursement of cash and the recognition of the related revenue and expenses, both in the accompanying Condensed Consolidated Statements of Cash Flows and Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). As a result of these timing differences, our operating cash flows can vary significantly from our results of operations for the same period. For this reason, we believe Adjusted EBITDA is an important non-GAAP financial measure that is utilized by the CODM.

As used in our operating data, EBITDA is defined as net income (loss) excluding the impact of: interest expense; interest income; income tax provision; and depreciation and amortization. We define "Adjusted EBITDA" as EBITDA adjusted for: asset impairments; other income, net:gain/loss from sale of assets; legal settlements; impacts from our noncontrolling interests, losses from discontinued operations, the net change in deferred revenue; and the net change in deferred course expenses. Adjusted EBITDA is not a financial performance measurement according to GAAP.

We use Adjusted EBITDA as a key measure in evaluating our operations and decision-making. We feel it is a useful measure in determining our performance since it takes into account the change in deferred revenue and deferred course expenses in combination with our operating expenses. We reference Adjusted EBITDA frequently, since it provides supplemental information that facilitates internal comparisons to historical operating performance of prior periods and external comparisons to competitors' historical operating performance in our industry. We plan and forecast our business using Adjusted EBITDA, with comparisons of actual to planned and forecasted Adjusted EBITDA and we provide incentives to management based on Adjusted EBITDA goals. In addition, we provide Adjusted EBITDA because we believe investors and security analysts find it to be a useful measure for evaluating our performance.

Adjusted EBITDA has material limitations and should not be considered as an alternative to net income (loss), cash flows provided by operations, investing or financing activities or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Items excluded from Adjusted EBITDA are significant components in understanding our financial performance. Because Adjusted EBITDA is not a financial measurement calculated in accordance with GAAP and is subject to varying calculations, Adjusted EBITDA as presented may not be comparable to other similarly titled measures of performance used by other companies.

The proportion of our total revenue and net income, and Adjusted EBITDA attributable to each operating segment is as follows:

<b>For the Six Months Ended June 30, 2014</b>	<b>U.S.</b>	<b>Canada</b>	<b>U.K and other Markets</b>	<b>Total</b>
Revenues	\$ 39,571	\$ 3,418	\$ 9,425	\$ 52,414
Changes in deferred revenue	(13,899)	(668)	3,989	(10,578)
Cash based sales	<u>\$ 25,672</u>	<u>\$ 2,750</u>	<u>\$ 13,414</u>	<u>\$ 41,836</u>
Net income(loss)	7,953	(235)	54	7,772
Interest income	(5)	-	-	(5)
Interest expense	33	-	-	33
Provision for income taxes	38	-	-	38
Depreciation	99	1	11	111
Litigation settlement	(1,300)	-	-	(1,300)
Other income, net	(66)	(2)	(141)	(209)
Net change in deferred revenue	(13,899)	(668)	3,989	(10,578)
Net change in deferred course expenses	<u>4,082</u>	<u>348</u>	<u>(615)</u>	<u>3,815</u>
Adjusted EBITDA	<u>\$ (3,065)</u>	<u>\$ (556)</u>	<u>\$ 3,298</u>	<u>\$ (323)</u>
Identifiable Assets	<u>\$ 16,567</u>	<u>\$ 2,006</u>	<u>\$ 4,921</u>	<u>\$ 23,494</u>

**For the Six Months Ended June 30, 2013**

	<u>U.S.</u>	<u>Canada</u>	<u>U.K and other Markets</u>	<u>Total</u>
Revenues	\$ 35,042	\$ 3,746	\$ 6,143	\$ 44,931
Changes in deferred revenue	(3,044)	159	673	(2,212)
Cash based sales	<u>\$ 31,998</u>	<u>\$ 3,905</u>	<u>\$ 6,816</u>	<u>\$ 42,719</u>
Net income	1,117	61	637	1,815
Interest income	(3)	-	-	(3)
Interest expense	100	-	-	100
Provision(benefit) for income taxes	446	(754)	-	(308)
Depreciation	154	-	5	159
Other income, net	770	1	(785)	(14)
Loss on disposition of assets	9	-	5	14
Loss on discontinued operations	27	-	-	27
Net change in deferred revenue	(3,044)	159	673	(2,212)
Net change in deferred course expenses	34	(150)	1	(115)
Adjusted EBITDA	<u>\$ (390)</u>	<u>\$ (683)</u>	<u>\$ 536</u>	<u>\$ (537)</u>
Identifiable Assets	<u>\$ 25,886</u>	<u>\$ 3,304</u>	<u>\$ 2,876</u>	<u>\$ 32,066</u>

Revenues are derived from the sale of real estate and financial market training courses, programs and products as listed below:

	<b>For the Six Months Ended June 30,</b>	
	<u>2014</u>	<u>2013</u>
Proprietary brands:		
Real estate training	\$ 5,628	\$ 4,288
Financial markets training	517	317
Subtotal	<u>6,145</u>	<u>4,605</u>
Rich Dad Education:		
Real estate training	39,853	34,187
Financial markets training	6,416	6,139
Subtotal	<u>46,269</u>	<u>40,326</u>
Total revenues	<u>\$ 52,414</u>	<u>\$ 44,931</u>

## Note 12—Commitments and Contingencies

### *Operating leases*

We lease office space for administrative and training requirements. These leases expire through February 2019 and some of them have renewal options and purchase options. In addition, certain office space leases provide for rent adjustment increases. The accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) reflects rent expense on a straight-line basis over the term of the lease.

Except for a lease for a condo with our Chief Executive Officer, there are no related party leases. Rent expense for the six months ended June 30, 2014 and 2013 was approximately \$0.4 million and \$0.3 million, respectively.

### *Custodial and Counterparty Risk*

The Company is subject to custodial and other potential forms of counterparty risk in respect of a variety of contractual and operational matters. In the course of ongoing company-wide risk assessment, management monitors the Company arrangements that involve potential counterparty risk, including the custodial risk associated with amounts prepaid to certain vendors and deposits with credit card and other payment processors. Deposits held by our credit card processors at June 30, 2014 were \$2.4 million and at December 31, 2013 were \$2.6 million. These balances are on the Condensed Consolidated Balance Sheets in restricted cash. While these balances reside in major financial institutions, they are only partially covered by federal deposit insurance and are subject to the financial risk of the parties holding these funds. We do utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. Within a CDAR are numerous individual investments all below the FDIC limits thus one hundred percent insuring that portion of our cash.

### *Litigation*

Tigrent Group Inc., Rich Dad Education, LLC. and Tigrent Enterprises Inc. v. Cynergy Holding, LLC, Bank of America, N.A., BA Merchant Services, LLC, BMO Harris Bank, N.A. and Moneris Solutions Corporation, was originally filed in the U.S. District Court for the Eastern District of New York (No. 13 Civ. 03708) on June 28, 2013, but, due to a challenge to federal jurisdiction, was subsequently recommenced in the Supreme Court of New York, County of Queens (No. 703951/2013), on September 19, 2013. In the lawsuit, we are seeking, among other things, recovery of the \$8.3 million in reserve funds withheld from us in connection with credit card processing agreements executed with the Defendant credit card processing entities as well as with Process America (“PA”), a so-called “Independent Sales Organization” that places merchants with credit card processors. The Amended Complaint alleges that the Defendants breached their contractual obligations to us under our credit card processing agreements by improperly processing and transferring our reserve funds to PA. We allege that Bank of America and BA Merchant Services are liable for a portion of our total damages arising from these breach of contract claims (approximately \$4.7 million), while Cynergy, Harris Bank, and Moneris are liable for the total damages of approximately \$8.3 million. We also allege that Cynergy, Harris Bank and Moneris committed common law fraud and negligent misrepresentation by failing to disclose to us the unauthorized processing and transfers to PA notwithstanding their knowledge of the mishandling of funds and of the fact that PA had failed to maintain the reserve funds as required under the agreements. Pursuant to both of these claims, we allege that we are entitled to recover the full amount of our damages, as well as, with respect to the fraud claim and punitive damages.

Tigrent Group Inc. v. Process America, Inc., Case No 1:12-cv-01314-RLM, filed March 16, 2012 in the U.S. District Court for the Eastern District of New York. In this case we sought the return of the \$8.3 million credit card merchant reserve account deposit held by Process America, a so-called “Independent Sales Organization” that places merchants with credit card processors. On November 12, 2012, PA filed for bankruptcy protection in the U.S. Bankruptcy Court for the Central District of California (“Bankruptcy Court.”) On December 3, 2012, the Bankruptcy Court obtained jurisdiction of our dispute with PA. On June 21, 2013, the Tigrent Group filed its proof of claim with Bankruptcy Court in the amount of \$8.3 million.

Tigrent and Tranquility Bay of Southwest Florida, LLC v. Gulf Gateway Enterprises, LLC, Dunlap Enterprises, LLC, Anthony Scott Dunlap, Peter Gutierrez, and Ignacio Guigou, Case No. 11-CA-000342 filed January 28, 2011 in the 20<sup>th</sup> Judicial Circuit, Lee County, FL Civil Division. This is a suit brought by the Company and its affiliate, Tranquility Bay of Southwest Florida, LLC (“TBSWF”), of which the Company is the sole member. This suit (hereinafter referred to as Tigrent v. GGE) was brought to enforce the terms of a settlement agreement with the defendants that resolved a prior mortgage foreclosure suit brought by the Company to foreclose on property owned by TBSWF in Lee County, Florida (the “2009 Settlement”). Pursuant to the 2009 Settlement, the Company acquired the membership interest in TBSWF and the defendants made certain representations and warranties, and undertook certain obligations, regarding TBSWF and the property it owned. In the 2011 lawsuit, the Company and TBSWF alleged that the defendants breached the 2009 Settlement Agreement. The defendants and Drevid, LLC, another party to the 2009 Settlement, filed various counter- and cross-complaints against the Company and TWBSF for transferring the real property owned by TBSWF to a third party in 2010, allegedly in violation of the 2009 Settlement. Trial was held in the 20<sup>th</sup> Judicial Circuit, Lee County Florida and on August 4, 2014, the Court entered an order entering judgment in favor of the Company and TBSWF on the defendants’ counterclaims and Drevid LLC’s cross-claims and awarding the Company and TBSWF \$0.3 million in damages. The Company and TWBSF have filed a motion for its attorneys’ fees and pre-judgment interest on August 7, 2014. On August 8, 2014, the defendants and Drevid have filed Motions to Alter or Amend the Judgment and for New Trial and/or Rehearing. On October 22, 2014, the Court granted our motion for attorneys’ fees and prejudgment interest and reserved jurisdiction to determine the amount of such fees and costs to be awarded to us. Also, on October 22, 2014, the Court denied the defendants’ and Drevid’s motions to Alter or Amend the Judgment and for a New Trial and/or Rehearing.

In a matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, the law firm of Aloia and Roland, LLP has filed a lawsuit captioned Aloia and Roland, LLP v. Anthony Scott Dunlap, Dunlap Enterprises, LLC, Tranquility Bay of Pine Island, LLC and Tranquility Bay of Southwest Florida, LLC, in the 20<sup>th</sup> Judicial Circuit for Lee County Florida to (i) enforce the terms of a promissory note in the principal amount of \$0.1 million allegedly issued by our affiliate, TBSWF, in payment of attorneys allegedly owed by TBSWF to the plaintiff, plus interest and late fees through the date of filing in the combined amount of \$0.1 million and (ii) to foreclose on a mortgage that placed by Aloia and Roland, LLP on the real property that was owned by TBSWF and transferred in 2010 that was the subject of the Tigrent v. GGE lawsuit described in the immediately preceding paragraph. This mortgage was placed on the real property prior to the Company acquiring TBSWF. The placing of the mortgage on the real property was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement Agreement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the lawsuit. TBSWF has defenses in this matter, although there can be no guarantee of a favorable outcome. In addition, TBSWF has made demand for indemnification on the Tigrent v. GGE defendants and Drevid, LLC under the 2009 Settlement Agreement.

Tranquility Bay of Southwest Florida, LLC v. Michael A. Schlosser; Rebecca H. Schlosser; Drevid, LLC; Anthony Scott Dunlap; Kayleen A. Dunlap; Dunlap Enterprises, LLC; GGE, LLC; Peter Gutierrez, and Ignacio, Case No. 14-CA-003160, filed October 30, 2014 in the Circuit Court of the 20<sup>th</sup> Judicial Circuit for Lee County, Florida. In another matter related to Tigrent Inc. et al. v. Gulf Gateway Enterprises, LLC, et al., Case No. 11-CA-000342, as described above, TBSWF seeks a declaratory judgment against all defendants that (i) a promissory note allegedly issued to Michael Schlosser by Dunlap Enterprises, LLC on behalf of TBSWF in 2009 in the principal amount of approximately \$2.2 million plus interest through August 3, 2014 in the amount of approximately \$2.2 million (the “Schlosser Note”) is invalid and unenforceable, (ii) Dunlap Enterprises, LLC lacked the authority to execute the Schlosser Note on behalf of TBSWF, (iii) TBSWF received no consideration for the purported execution of the Schlosser Note, (iv) that the Schlosser Note is in fact a consolidation of debt incurred by defendants Anthony Scott Dunlap, Kayleen Dunlap, Dunlap Enterprises, LLC, and GGE, LLC, (v) all rights to the Schlosser Note were previously assigned to Drevid, LLC, and (vi) such other and further relief as deemed just and proper by the Court. The Schlosser Note was issued prior to the Company acquiring TBSWF. Michael Schlosser is affiliated with Drevid, LLC, a party to the Tigrent v. GGE lawsuit described above. The failure to inform the Company and TBSWF of the existence of the Schlosser Note was found by the court in Tigrent v. GGE to be a breach by the defendants and Drevid of the 2009 Settlement for which judgment was entered in favor of the Company and TBSWF. The Company is not a party to the Note. In addition, TBSWF seeks indemnification from Mr. Dunlap, Dunlap Enterprises, LLC, Mr. Guigio and Mr. Gutierrez under the 2009 Settlement for fees and costs incurred by TBSWF in defending against claims by Michael Schlosser and Rebecca Schlosser under the Schlosser Note, including damages and prejudgment interest, and any additional relief deemed just and proper by the Court.

Watson v. Whitney Education Group, Inc. Russ Whitney, United Mortgage Corporation, Gulfstream Realty and Development, Inc. Douglas Realty, Inc. and Paradise Title Services, Inc., first filed September 21, 2007 in the 20<sup>th</sup> Judicial Circuit, Lee County, FL, Case No. 07-CA-011207. In this case (hereinafter referred to as “Watson v. WEG”), Jeffrey Watson (“Watson”) alleged against Whitney Education Group, Inc., a subsidiary of the Company, causes of action for breach of contract, breach of fiduciary duty, violation of Florida’s Deceptive and Unfair Trade Practices Act, breach of contractual obligation of good faith, constructive fraud, conspiracy to commit fraud, declaratory judgment, fraud in the inducement, Florida RICO conspiracy, and federal RICO conspiracy, based upon losses Watson alleges he incurred as the result of his purchase of real property from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson seeks compensatory damages in an unspecified amount, punitive damages, treble damages, injunctive relief, declaratory relief, and fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company’s by-laws. WEG has filed a motion to dismiss, which is still awaiting a ruling from the court.

In related matters, Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc. and Russell Whitney, Case No. 2008-CA-5870-NC and Huron River Area Credit Union v. Jeffrey Watson/ Watson v. Whitney Education Group, Inc. and Russell Whitney, Case No. 2008-CA-5877-NC, both filed June 6, 2008 in the 12<sup>th</sup> Judicial Circuit, Sarasota County, FL Civil Division. These matters arose out of two mortgage foreclosure actions by Huron River Area Credit Union against Jeffrey Watson (“Watson”), which involve the real property that is the subject of the Watson v. WEG matter, above. Watson filed a cross-complaint against the Company’s Whitney Education Group subsidiary, n/k/a Rich Dad Education Inc., (“WEG”) and Russell A. Whitney, the Company’s founder and former Chief Executive Officer. In his cross-complaints, Watson alleges causes of action for common law indemnity, breach of contract, breach of the Florida Unfair and Deceptive Trade Practices Act, and conspiracy to commit fraud based on the purchase land and improvements in Lee County, Florida from Gulfstream Realty and Development, an entity affiliated with Mr. Whitney, and with whom the WEG had a student referral agreement. Watson is seeking unspecified compensatory damages, punitive damages, attorney’s fees and costs. The Company is defending and indemnifying Mr. Whitney subject to and in accordance with the Company’s by-laws. WEG has filed a motion to dismiss in each case, which are still awaiting a ruling from the court.

We are involved from time to time in routine legal matters incidental to our business, including disputes with students and requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations.

### **Note 13—Subsequent Events**

On November 10, 2014, we and our wholly owned subsidiary Legacy Education Alliance Holdings, Inc., a Colorado corporation (“Legacy Holdings”), entered into an Agreement and Plan of Merger dated as of such date (the “Merger Agreement”) with Priced In Corp. Subsidiary, Inc. and its wholly owned subsidiary Priced In Corp Subsidiary (“PIC Sub”). On November 10, 2014, pursuant to the Merger Agreement, PIC Sub merged with and into Legacy Holdings (the “Merger”), with Legacy Holdings surviving the Merger and becoming the wholly owned subsidiary of Priced in Corp.

At the effective time of the Merger (the “Effective Time”), the shares of common stock, par value \$0.01 per share, of Legacy Holdings outstanding at the Effective Time were converted and exchanged into 16,000,000 shares of Priced In Corp. common stock, par value \$0.0001 per share (“Common Stock”), which will be held by us.

There was no cash consideration exchanged in the Merger. In accordance with the terms and conditions of the Merger Agreement, Priced In Corp agreed to pay our taxes and related liabilities and other specified costs and expenses, including certain administrative and related expenses that have been or will be incurred by us from time to time that are related to our investment in Priced In Corp. (including the cost of preparing and distributing reports regarding our business and financial condition to our shareholders), our administrative costs and expenses, and taxes, other than income taxes arising from dividends or distributions by Priced in Corp. to us. All shares of Priced in Corp common stock issued in connection with the Merger are restricted securities, as defined in paragraph (a) of Rule 144 under the Securities Act of 1933, as amended (the “Securities Act”). Such shares were issued pursuant to an exemption from the registration requirements of the Securities Act, under Section 4(a)(2) of the Securities Act and the rules and regulations promulgated thereunder.

**UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma combined financial statements give effect to the Merger Agreement between Priced In Corp (“PRCD”), Priced In Corp. Subsidiary, Tigrent Inc. and Legacy Education Alliance Holdings, Inc. Immediately after the Merger consummation, the Company plans to change its name to Legacy Education Alliance, Inc. Of the then outstanding shares (19,997,500), 16,000,000 will be owned by Tigrent Inc, having exchanged their 10 shares in Legacy Education Alliance Holdings, Inc. (constituting 100% of Legacy Education Alliance Holdings, Inc. outstanding stock) and the remaining 3,997,500 shares will be held by the existing PRCD shareholders.

PRCD had 75,000,000 common shares authorized with a par value of \$0.001 and on September 30, 2014 changed the par value to \$0.0001 and increased the authorized shares by 125,000,000 to 200,000,000 shares with 12,750,000 shares outstanding. On September 30, 2014, PRCD completed a 1 for 1.23 Stock Split whereby each issued and outstanding share of PRCD common stock was converted into 1.23 share of PRCD (leaving 15,682,500 common shares). Upon closing of the Merger, 11,685,000 shares of the then outstanding 15,682,500 shares will be cancelled leaving 3,997,500 shares. Tigrent Inc. will exchange all of its shares in Legacy Education Alliance Holdings, Inc. (10 shares at \$0.0001 par value common shares) for 16,000,000 shares of PRCD. After the merger, Tigrent Inc. will own 80% the then outstanding shares of PRCD.

The Merger will be accounted for as a “reverse merger” and recapitalization since, immediately following the completion of the transaction, the holders of Tigrent Inc.’s stock will have effective control of PRCD. In addition, Tigrent Inc. will have control of the combined entity through control of the Board by designating all four of the board seats to be held by the existing board of Tigrent Inc. Additionally, all of Tigrent Inc.’s officers and senior executive positions will continue on as management of the combined entity after consummation of the Merger. For accounting purposes, Legacy Education Alliance Holdings, Inc. will be deemed to be the accounting acquirer in the transaction and, consequently, the transaction will be treated as a recapitalization of PRCD. Accordingly, Legacy Education Alliance Holdings Inc.’s assets, liabilities and results of operations will become the historical financial statements of the registrant, and the Company’s assets, liabilities and results of operations will be consolidated with PRCD effective as of the date of the closing of the Merger. No step-up in basis or intangible assets or goodwill will be recorded in this transaction.

The unaudited pro forma combined balance sheet as of June 30, 2014 as well as the unaudited combined statements of operations for the year ended September 30, 2013 and for the nine months ended June 30, 2014, presented herein, gives effect to the Merger as if the transaction had occurred at the beginning of such period and includes certain adjustments within the Stockholder’s Equity section that are directly attributable to the transaction.

The unaudited pro forma combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been realized had Legacy Education Alliance Holdings, Inc. and PRCD been a combined company during the specified periods. The unaudited pro forma combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the historical combined financial statements of Tigrent Inc. included herein, and the historical financial statements of PRCD included in its Annual Report on Form 10-K for the year ended September 30, 2013 and its Quarterly Report on Form 10-Q for the nine months ended June 30, 2014.

**Legacy Education Alliance, Inc.**  
**Pro Forma Condensed Combined Balance Sheet**  
**As of June 30, 2014**  
**(Unaudited In thousands)**

	<b>Tigrent Inc. and Subsidiaries (Historical)</b>	<b>Legacy Education Alliance, Inc. F/K/A Priced In Corp. (Historical)</b>	<b>Adj #</b>	<b>Pro Forma (Adjustments)</b>	<b>Pro Forma (Combined)</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 6,207	\$ 2		-	\$ 6,209
Restricted cash	2,734	-		-	2,734
Deferred course expenses	10,407	-		-	10,407
Prepaid expenses and other current assets	2,211	-		-	2,211
Income taxes receivable	31	-		-	31
Inventory	293	-		-	293
Total current assets	<u>21,883</u>	<u>2</u>		<u>-</u>	<u>21,885</u>
Property and equipment, net	1,366	-		-	1,366
Other assets	245	-		-	245
Total assets	<u>\$ 23,494</u>	<u>\$ 2</u>		<u>\$ -</u>	<u>\$ 23,496</u>
<b>Liabilities and Stockholders' Deficit</b>					
Current liabilities:					
Accounts payable	\$ 3,101	\$ -		-	3,101
Royalties payable	29	-		-	29
Accrued course expenses	1,542	-		-	1,542
Accrued salaries, wages and benefits	666	-		-	666
Other accrued expenses	2,524	12		-	2,536
Long-term debt, current portion	8	-		-	8
Deferred revenue	62,660	-		-	62,660
Total current liabilities	<u>70,530</u>	<u>12</u>		<u>-</u>	<u>70,542</u>
Long-term debt, net of current portion	57	-		-	57
Deferred revenue, net of current portion	197	-		-	197
Other long-term liabilities	62	-		-	62
Total liabilities	<u>70,846</u>	<u>12</u>		<u>-</u>	<u>70,858</u>
Stockholders' deficit:					
Common stock	7,825	7	A,B,C	(7,830)	2
Additional paid-in-capital	2,716	70	A,B,C,D	7,753	10,539
Cumulative foreign currency translation adjustment	(1,228)	-		-	(1,228)
Accumulated deficit	(56,665)	(87)	D	77	(56,675)
Total stockholders' deficit	<u>(47,352)</u>	<u>(10)</u>		<u>-</u>	<u>(47,362)</u>
Total liabilities and stockholders' deficit	<u>\$ 23,494</u>	<u>\$ 2</u>		<u>\$ -</u>	<u>\$ 23,496</u>

See Notes and Assumptions to Unaudited Pro Forma Combined Financial Statements.

**Legacy Education Alliance, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) Unaudited**  
**Nine months ended June 30, 2014**  
(In thousands, except per share data)

	<b>Tigrent Inc. and Subsidiaries (Historical)</b>	<b>Legacy Education Alliance, Inc. F/K/A Priced In Corp. (Historical)</b>	<b>Pro Forma Unaudited Adjustments</b>	<b>Pro Forma Unaudited Combined</b>
Revenue	\$ 73,009	\$ -	\$ -	\$ 73,009
Direct course expenses	32,254	-	-	32,254
Advertising and sales expenses	16,031	-	-	16,031
Royalty expense	5,661	-	-	5,661
General and administrative expenses	11,558	44	-	11,602
Income from operations	7,505	(44)	-	7,461
Other income (expense):				
Litigation settlement	1,300	-	-	1,300
Other income (expense), net	(129)	-	-	(129)
Income before income taxes	8,676	(44)	-	8,632
(Provision) benefit for income taxes	95	-	-	95
Net income (loss) from continuing operations	8,771	(44)	-	8,727
Loss from discontinued operations	-	-	-	-
Net income (loss)	<u>\$ 8,771</u>	<u>\$ (44)</u>	<u>\$ -</u>	<u>\$ 8,727</u>
Basic weighted average net income (loss) per share attributable to common stockholders:				
From continuing operations	\$ 0.59	\$ (0.01)		\$ 0.44
From discontinued operations	\$ 0.00	\$ 0.00		\$ 0.00
Net income attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.59</u>	<u>\$ (0.01)</u>		<u>\$ 0.44</u>
Diluted weighted average net income (loss) per share attributable to common stockholders:				
From continuing operations	\$ 0.55			
From discontinued operations	\$ 0.00			
Net income attributable to Tigrent Inc.'s common stockholders	<u>\$ 0.55</u>			
Basic weighted average shares outstanding	<u>14,886</u>	<u>7,773</u>		<u>19,998</u>
Diluted weighted average shares outstanding	<u>15,843</u>	<u>7,773</u>		

See Notes and Assumptions to Unaudited Pro Forma Combined Financial Statements.

**Legacy Education Alliance, Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) Unaudited**  
**Twelve months ended September 30, 2014**  
(In thousands, except per share data)

	Tigrent Inc. and Subsidiaries (Historical)	Legacy Education Alliance, Inc. F/K/A Priced In Corp. (Historical)	Pro Forma Unaudited Adjustments	Pro Forma Unaudited Combined
Revenue	\$ 81,381	\$ -	\$ -	\$ 81,381
Direct course expenses	39,647	-	-	39,647
Advertising and sales expenses	21,913	-	-	21,913
Royalty expense	6,620	-	-	6,620
General and administrative expenses	13,570	33	-	13,603
Income from operations	(369)	(33)	-	(402)
Other income (expense):				
Forgiveness of debt	1,652	-	-	1,652
Litigation settlement	-	-	-	-
Other income (expense), net	(356)	-	-	(356)
Income before income taxes	927	(33)	-	894
(Provision) benefit for income taxes	180	-	-	180
Net income (loss) from continuing operations	1,107	(33)	-	1,074
Loss from discontinued operations	(167)	-	-	(167)
Loss from disposal of discontinued operations	(394)	-	-	(394)
Loss on discontinued operations	(561)	-	-	(561)
Net income (loss)	546	(33)	\$ -	\$ 513
Basic weighted average net income (loss) per share attributable to common stockholders:				
From continuing operations	\$ 0.08	\$ (0.01)		\$ 0.05
From discontinued operations	\$ (0.04)	\$ 0.00		\$ (0.03)
Net income attributable to Tigrent Inc.'s common stockholders	\$ 0.04	\$ (0.01)		\$ 0.02
Diluted weighted average net income (loss) per share attributable to common stockholders:				
From continuing operations	\$ 0.08			
From discontinued operations	\$ (0.04)			
Net income attributable to Tigrent Inc.'s common stockholders	\$ 0.04			
Basic weighted average shares outstanding	13,431	5,000		19,998
Diluted weighted average shares outstanding	14,663			

See Notes and Assumptions to Unaudited Pro Forma Combined Financial Statements.

**NOTES AND ASSUMPTIONS TO PRO FORMA COMBINED FINANCIAL STATEMENTS**  
**(Unaudited)**

(A) On October 1, 2014 Priced In Corp. filed its First Amended and Restated Articles of Incorporation with the State of Nevada, pursuant to which it increased the total number of shares of capital stock which may be issued by PRCD to two hundred twenty million (220,000,000), of which:

(i) Two Hundred Million (200,000,000) shall be common stock, par value of \$.0001 per share. Each share of Common Stock shall entitle the holder thereof to one (1) vote on any matter submitted to a vote at a meeting of the stockholders; and

(ii) Twenty Million (20,000,000) shall be preferred stock, par value of \$.0001 per share.

(B) On October 1, 2014, PRCD affected an 1.23 for 1 stock split. The split was approved by PRCD's stockholders and Board of Directors.

(C) Legacy Alliance Holdings, Inc. (A wholly-owned subsidiary of Tigrent Inc.) will exchange its 10 \$0.01 par common for 16,000,000 shares of PRCD.

(D) To eliminate the accumulated deficit of PRCD (the accounting acquiree).

Tigrent's restricted shares have no effect on the combined company and therefore no pro forma diluted earnings per share information is presented.

The unaudited pro forma combined financial statements do not include any adjustment for non-recurring costs incurred or to be incurred after June 30, 2014 by both Tigrent and PRCD to consummate the Reverse Merger, except as noted above. Merger costs include fees payable for legal fees and accounting fees and are estimated to be approximately \$700,000. Such costs will be expensed as incurred.