

# Group Management 0002 LLC Operating Agreement

## Section 1. Formation of Group Management 0002 LLC herein after referred to as the ("Company")

### 1.1 Amendment and Restatement

This Amendment and Restatement of the Operating Agreement of the Company ("Agreement") was adopted by the written consent representing an overall majority of Membership Interest in the Company effective December 20, 2007.

### 1.2 Acceptance of Membership Interests

Each Member agrees to their status as a Member and subscribes for the acquisition of a Membership Interest, upon terms and conditions set forth in the Agreement.

### 1.3 Name

The name of the Company is Group Management 0002 LLC. All Company business must be conducted in the name of the Company or such other names that comply with applicable laws.

### 1.4 Address

The address of the LLC and the place where its books and records are kept is 3 Countryside Lane, Depew, New York 14043. The address of the Manager of the Company on December 20, 2007 is the same.

### 1.5 Purposes

#### 1.5.1 Free Choice by Members

The Company has been formed for the purposes of allowing Members to freely perform insurance premium audits and or inspections for as many different firms/brokers they wish to do business with. While Members are performing insurance premium audits or inspections they will only incur a single expense from Member Management, a firm that has been contracted by the Board of Managers, which will always be an established fixed percentage of whatever they decide to invoice to their clients. The fixed percentage charged by Member Management may vary depending upon the Member performing insurance premium audits and or inspections. The fixed percentage charged by Member Management includes all banking, direct deposit, insurance, retirement, legal, tax preparation and filing and other costs incurred by the elected Board of Managers who maintain the overall operation of the Company. This process allows Members to only incur these costs at the time they actually collect payment from their clients and at a fixed percentage that they can take into consideration before they negotiate their independent terms, conditions and rates for doing business as a Member of the Company performing insurance premium audits and or inspections.

#### 1.5.2 No Employment Relationship

A principal purpose of the Company and the Members in entering into this Operating Agreement by becoming a Member of the Company is to allow each Member to perform premium audits, insurance claims adjustments, insurance appraisals, insurance inspections, or other insurance related reports and services, for whatever agents, brokers, insurance companies or other firms the Member may desire, as an independent contractor and without the Member entering into any employment relationship with any such agent, broker, insurance company or other firm, or with the Company.

### 1.6 Foreign Qualification Governmental Filings

While conducting business in any jurisdiction other than the state of organization, the Company shall be willing to comply with all requirements necessary to qualify the Company as a foreign LLC in such a state



## Section 2. Management Structure

### 2.1 Management by Board of Managers

#### 2.1.1 Appointment and Replacement of Managers and Officers

Number; Election: The operation of the Company shall be managed by, and the responsibility for managing the business and affairs of the Company shall be delegated to a Board of Managers consisting of at least one (1) Manager. A Manager can only be appointed by a vote of Members representing an overall majority of Membership Interest in the Company electing the Manager. A Manager must be a natural person and need not be a Member of the Company.

#### 2.1.2 The initial Manager of the Company shall be John Schober

- a) Officers. The responsibility for managing the business and affairs of the Company may be delegated by the Board of Managers to such other persons as may be appointed by the Board of Managers. The Board of Managers of the Company may, from time to time as they deem appropriate, appoint officers of the Company. Officers may have such titles as President, Vice President, Secretary and Treasurer, and the power delegated to such officers may be the power generally associated with such title. The delegation of power to the Officers can be revoked at any time by the Board of Managers.
- b) Term; Resignation; Removal: Each Manager shall hold office until their successor is elected and qualified or until their earlier resignation or removal. Any Manager may resign at any time upon written notice to the Company. Any Manager may be removed, with or without cause, by a vote of Members representing an overall majority of Membership Interest in the Company.
- c) Vacancies: Vacancies resulting from any decrease in the authorized number of Managers resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining Managers, and the Managers so chosen shall hold office until the next election and until their successors are duly elected and shall qualify, or until their earlier resignation or removal.

#### 2.1.3 General Authority of the Board of Managers

- a) Except to the extent that a vote of Members representing an overall majority of Membership Interest in the Company is required, and except to the extent indicated in this agreement, the Board of Managers shall have full, complete and exclusive discretion to manage and control the business of the Company in furtherance of the purposes for which the Company is formed. The Board of Managers shall exercise its best efforts to promote and protect the interests of the Company and shall devote such time and attention as is reasonably necessary and appropriate to discharge such obligations.
- b) In furtherance of, but not limiting the above grant of authority, the Board of Managers (including the delegated Officers) are empowered on behalf of the Company to negotiate, execute and deliver such agreements, instruments, deeds, certificates and other documents as the Board of Managers deem necessary and appropriate in the Board of Managers' discretion to effect the purposes and interests of the Company.
- c) All decisions made for and on behalf of the Company by the Board of Managers, pursuant to the authority granted in this agreement, shall be binding upon the Company.

#### 2.1.4 Meetings of the Board of Managers

- a) Regular Meetings: Regular meetings of the Board of Managers may be held w/out other notice at such time and place as shall from time to time be determined by the Board of Managers.
- b) Special Meetings: Special Meetings of the Board of Managers may be called by any Manager or the President of the Company (if designated), on one day's notice to each Manager, either personally or by mail, facsimile, telegram or express courier.
- c) Quorum; Vote Required for Action: At all meetings of the Board of Managers, a majority of the total number of the Managers then in office shall constitute a quorum for the transaction of business and the act of a majority of the Managers then present at any meeting at which there is quorum shall be the act of the Board of Managers, except as may be provided in this agreement or in the articles of organization. If a quorum is not satisfied, the Managers present may adjourn the meeting.
- d) Managers may be considered present, if such Manager participates by phone conference, or by similar means of communication.
- e) Action Without Meeting: Any action required or permitted to be taken at any meeting of the Board of Managers may be taken without a meeting, if a majority of the Managers then in office consent thereto in writing, and the



writing or writings are filed with the minutes of proceedings of the Board of Managers.

#### 2.1.5 Limitations Upon Managers' Authority

Without first obtaining written consent from Members representing an overall majority of Membership Interest in the Company, the Board of Managers shall adhere to limitations contained within this agreement and imposed by law.

#### 2.1.6 Reimbursement

All expenses incurred with respect to the organization, operation and management of the Company shall be borne by Member Management, a firm that has been contracted by the Board of Managers. The Managers shall be entitled to reimbursement from Member Management, a firm that has been contracted by the Board of Managers, for direct expenses allocable to the organization, operation and management of the Company.

### **2.2 Managers and Affiliates Dealing With the Company**

The Board of Managers may appoint, employ, contract or otherwise deal with any person, including persons with whom a Manager is affiliated, and persons in which a Manager has a financial interest, for transacting Company business, including any acts or services for the Company as the Managers may approve; provided, however, that fees or other payments and terms of any contract with such parties shall not be in excess of prevailing competitive rates for such transactions.

## **Section 3. Members**

### **3.1 Members**

3.1.1 Record of the originating single member, John Schober, adopting this Agreement in full as the Agreement of the Company took place when he signed this Agreement.

3.1.2 The Members agree that each Member's shares or percentage of ownership interest in the Company ("Membership Interest") is set forth in the minutes of each individual Member Meeting, as filed and maintained by the Managers of the Company. The percentages of ownership interests can be amended from time to time, pursuant to this agreement.

### **3.2 Voting**

Members shall vote in relative proportion to their respective Membership Interests.

### **3.3 Meetings of Members**

3.3.1 Meetings of Members shall be held at such date, time and place as the Board of Managers may fix from time to time.

3.3.2 Notice: Written notice of a meeting of Members shall be sent or otherwise given to each Member no less than ten (10), nor more than sixty (60) days before the date of the meeting. Notice shall specify the place, date and hour of the meeting and the general nature of the business to be transacted.

### **3.4 Action Without Meeting**

Any action which requires a meeting for Member approval, can be taken without a meeting if the action is approved by Members representing an overall majority of Membership Interest in the Company, as evidenced by written consent.

### **3.5 Restricted Activities**

3.5.1 Use of Company Information: Each member covenants and agrees with the Company and the other Members that, except on behalf of the Company and as authorized by the Company, no Member will use or permit use, disclose or divulge to others, copy or reproduce or remove from the custody and control of the Company any information relating to or used in the business and operations of the Company whether in written or unwritten form.

3.5.2 Other Business Ventures: Each Member may freely engage in or possess any interest in any other business of any nature and description, independently or with others, and neither the Company nor the other Members shall have any rights in or to any such independent venture or the income or profits derived therefrom.

3.5.3 No Member, unless they are a Manager of the Company, is allowed to setup, open or maintain any type of bank

account, loan or credit account under the Company name.

3.5.4 Members may only market themselves as performing insurance premium audits and or inspections while functioning as a Member under the Company and Members must never market, represent, direct or coordinate any other Member of the Company who can or is performing insurance premium audits and or inspections while that other Member is also functioning as a Member under the Company.

3.5.5 Members can only perform insurance premium audits and or inspections while functioning as a Member under the Company and unless they are a Manager of the Company they are not authorized to perform market, represent, direct or coordinate any other type of service or product while functioning as a Member under the Company.

### **3.6 Preemptive Rights**

Members shall not have preemptive or preferential rights with respect to additional capital contributions, or the issuance or sale of any Membership Interest by the Company.

### **3.7 Confidentiality relating to Members information**

3.7.1 Under no circumstances shall any Member, who is not also a Manager of the Company, have any right to inquire about, question others, discuss, access, review or demand to see any agreements or contracts that were independently negotiated and then established by any other Members of the Company unless two (2) or more Members collectively partake in the same negotiation defining an agreement or contract together and all involved Members have also signed the same agreement or contract together. This protects all Members from having any other Members under the Company compete against them unfairly by knowing the rates, terms and understandings that have been established by other Members.

3.7.2 Under no circumstances shall any Member, who is not also a Manager of the Company, have any right to inquire about, question others, discuss, access, review or demand to see the personal social security number, personal address, personal bank account information, personal date of birth, K-1 information, personal summary of invoiced activity or personal list or names of clients that any other Member has. This protects all Members from having any other Members unnecessarily exercise free access to personal and highly sensitive and confidential data belonging to other Members.

### **3.8 Personal Financial Liability**

Each Member agrees that he or she will not initiate, file or pursue any of the following, and agrees to be personally and financially liable for any party's expenses and damages if that same Member initiates, files for or pursues any of the following:

3.8.1 A Member will be personally and financially liable if they initiate, file for or pursue a wage per hour claim, overtime claim or any other employee based labor related claim against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company.

3.8.2 A Member will be personally and financially liable if they initiate, file for or pursue any unemployment claim against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company.

3.8.3 A Member will be personally and financially liable if they initiate, file for or pursue any disability claim against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company.

3.8.4 A Member will indemnify and hold harmless the Company, Member Management LLC, any other Member or Manager of the Company from and against any and all actions, losses, liabilities, damages, costs and expenses, including reasonable attorney's fees, arising from or in connection with any violation by such Member of the agreements set forth in Section 3.8.1, 3.8.2, or 3.8.3.

### **3.9 Members Individually Market and Independently Negotiate All Business Relationships**

3.9.1 The Company will not disclose or advertise any Members individual services to companies or firms/brokers and each Member alone must market themselves and establish their own business relationships with whatever companies or firms/brokers they wish to do business with and each Member alone is responsible for how much or little work they have to do while functioning as a Member under the Company. Members are free to do business with whomever they like while functioning as a Member under the Company.

3.9.2 Every Member is solely responsible for drafting, negotiating, determining, and understanding the individual terms of any agreements they enter into or rates and operating territory they establish and agree to for completing insurance premium audits or inspections while functioning as a Member under the Company and they are solely responsible / liable for all of their own personal expenses and losses that may result from those agreements they enter into or rates and or operating territory for their services that they provide while functioning as a Member under the Company.

## **Section 4. Member Capital Contributions**

### **4.1 Initial Capital Contributions**

Contemporaneously with the execution of an individual new Member Meeting, each new Member shall contractually bind him or herself to make the initial capital contribution equal to .0001% of the then current Capital held within the Company at the time they become a Member.

No Member shall be required to make any additional capital contributions to the Company, nor shall any Member be required to pay any deficit or negative balance in such Member's Capital Account, including, without limitation, any deficit that may exist after the dissolution and liquidation of the Company.

### **4.2 Additional Funds**

The Board of Managers may arrange for the provision of such additional funds as are deemed necessary to conduct Company business. Such additional funds may be raised by loans to the Company from outside sources, or by loans or capital contributions to the Company from one or more Members.

### **4.3 No Interest Upon Capital Contributions**

No Member shall be entitled to interest by the Company on their capital contributions.

### **4.4 Return of Capital Contributions**

No Member shall be entitled to withdraw their capital contribution or their capital account, except as provided in this agreement.

### **4.5 Loans Not to be Treated as Capital Contributions**

Loans or advances by any Member to the Company shall not be considered capital contributions and shall not increase the capital account balance of the lending or advancing Member.

### **4.6 No Loans Required**

No Member shall be required to contribute or lend any money or property to the Company, except as agreed to by such Member.

### **4.7 No Third Party Beneficiaries**

The Members' financial obligations under this agreement are not applicable to creditors, other than Members and the Company. Other than Members and the Company, no creditor or other person shall obtain any right under any of such provisions or shall by reason of any of such provisions make any claim with respect to any debt, liability or obligation against the Company or any of the Members.

## **Section 5. Distributions of Cash and Property**

## **5.1 Distribution of Net Cash Flow and Mandatory Tax Distributions**

### 5.1.1 Net Cash Flow within a fiscal year, Definition:

- a) All cash receipts as shown on the books of the Company (excluding capital contributions from Members, excluding all receipts that are clearly identified as direct payment to an individual Member based solely upon what that same Member individually performed, invoiced for or was paid for while performing any activities or services as a Member of the Company and excluding net proceeds to the Company from the sale or the dispositions of substantially all of the Company's assets), reduced by cash disbursements for Company purposes including interest and principal upon loans, and all cash reserves set aside by the Board of Managers that the Board of Managers deem necessary or appropriate to accomplish the Company business; plus
- b) Any other funds, including amounts previously set aside as reserves by the Board of Managers, deemed available by the Board of Managers for distribution as Net Cash Flow.

### 5.1.2 Priority of Distribution:

The Board of Managers shall determine what portion of the Net Cash Flow of the Company for a fiscal year shall be paid to Members as a distribution; provided that such distribution shall be paid out to the Members pro rata in accordance with their Membership Interests.

The Board of Managers shall determine the timing of when such distributions shall be made to the Members.

### 5.1.3 Mandatory Distributions for Taxes

With respect to any fiscal year in which the Company has net income allocable to the Members, the Board of Managers shall cause the Company to distribute to each Member pursuant to 5.1.2 an amount equal to no less than fifty percent of the net income so allocated to such Member with respect to such fiscal year; provided however, that in no event shall a distribution be required under this section in excess of the Company's Net Cash Flow for such fiscal year.

### 5.1.4 Time of Distribution

Distributions, if made, shall be made not later than the April 1 following the close of such fiscal year

## **5.2 Distribution of the Proceeds of Dissolution**

If the Company dissolves, the net Proceeds of dissolution, including any accompanying sale of Company assets, shall be distributed in the following order of priority:

- 1) Toward the satisfaction of all outstanding debts and other obligations of the Company, including Members who are creditors.
- 2) Pro Rata among those Members with positive capital account balances, in proportion to their respective capital account balances, after adjustments from distributions and tax allocations for the current fiscal year.

## **5.3 Distribution of Debt Instruments**

In the event the Company sells an asset in conjunction with the dissolution of the Company, and all or a portion of the sale price is secured by a debt instrument, all interest and principal received by the Company shall be treated as net proceeds of dissolution.

## **5.4 Distributions in Kind**

No Member shall be entitled to demand and receive distributions other than in cash form, except as otherwise agreed upon in writing.

# **Section 6. Federal and State Tax Matters**

## **6.1 Maintenance of Members' Capital Accounts**

With respect to each Member, a separate "Capital Account" for such Member shall be established and maintained throughout the full term of the Company in accordance with applicable Treasury Regulations.

## **6.2 Allocations of Profits and Losses of the Company**

The Company's net income or loss for a fiscal year, computed in accordance with Treasury Regulations section 1.704-1(b)(2)(iv), shall be allocated among the Members for each fiscal year as follows:

6.2.2 Net Loss: the net loss (other than from a sale or disposition of all or substantially all of the Company's assets), if any, for a fiscal year of the Company shall be allocated to the Members in accordance with their respective Membership Interests.

6.2.3 Net Income: The net income (other than from a sale or disposition of all or substantially all of the Company's assets), if any, for a fiscal year of the Company shall be allocated to the Members in accordance with their respective Membership Interests.

6.2.3 Net Loss From Sale of All or Substantially All of the Company Assets: The net loss from a sale or other disposition of all or substantially all of the Company assets shall be allocated among the Members in the following order:

- 1) First: To the Members, if any, having positive capital account balances in excess of their Net Contributions amounts in proportion to such excess positive balances, until the balance in each such Member's capital account equals the amount of such Member's Net Contributions, or, if there is insufficient loss to accomplish this result, to cause such excess positive balances to be in the same ratio as the Members' respective Membership Interests;
- 2) Second: To the Members, if any, having positive capital account balances, in proportion to such positive balances, until the balances in their capital accounts equal zero; and
- 3) Three: to the Members in accordance with their respective Membership Interests.

6.2.4 Net Income From Sale of All or Substantially All of the Company Assets: The net income from a sale or other disposition of all or substantially all of the Company assets shall be allocated among the Members in the following order:

- 1) First: to the Members, if any, having negative capital account balances, in proportion to such negative balances, until the balances in their capital accounts equal zero;
- 2) Second: to the extent any Member has a positive capital account balance that is less than the amount of such Member's Net Contributions, to each such Member, in the amounts necessary, and in the ratio of such amounts, to cause the positive capital account balance of each such Member to be equal to the amount of such Member's Net Contributions.
- 3) Third: to the Members in the amounts necessary, and in the ratio of such amounts, to cause their positive capital account balances in excess of the amounts of their respective Net Contributions to be in the same ratio as their respective Membership Interests; and
- 4) Fourth: to the Members in accordance with their respective Membership Interests.

### **6.3 Special Tax Allocations**

6.3.1 The Company shall comply with Treasury Regulations Section 1.704-2 with respect to the allocation of deductions and minimum gain relating to nonrecourse debts of the Company.

6.3.2 No Member shall be allocated a net loss that would cause or increase a deficit balance in his capital account in excess of any actual or deemed obligation of such Member to restore deficits (as defined in Treasury Regulation § 1.704-1(b)(2)(ii)(c)).

### **6.4 Tax Year and Accounting Matters**

6.4.1 The fiscal year of the Company shall be the calendar year unless otherwise determined by the Board of Managers.

6.4.2 Method: The appropriate method of accounting shall be determined by the Board of Managers.

## Section 7. Term and Termination of the Company

### 7.1 Term of the Company

The term of the Company commenced upon the filing of the Certificate of Organization, and shall continue until dissolved and terminated in accordance with this Agreement.

### 7.2 Events of Termination

The Company shall be dissolved upon the occurrence of any of the following events:

7.2.1 The unanimous written consent of the Members to dissolve and terminate the Company.

7.2.2 The sale, transfer or assignment of substantially all the assets of the Company;

7.2.3 Entry of a decree of judicial dissolution; or

7.2.4 As otherwise required by state law; or

7.2.5 As indicated in the Articles of Organization, and in the event of an amendment to the Articles of Organization, as indicated in the Articles of Organization, as amended.

### 7.3 Conclusion of Affairs

In the event of the dissolution of the Company for any reason, the Board of Managers shall proceed promptly to wind up the affairs of and liquidate the Company. Except as otherwise provide in this Agreement, the Members shall continue to share distributions and tax allocations during the period of liquidation in the same manner as before the dissolution. The Board of Managers shall have reasonable discretion to determine the time, manner and terms of any sale or sales of Company property pursuant to such liquidation having due regard to the activity and the condition and relevant market and general financial and economic conditions and consistent with their fiduciary obligations to the Members.

### 7.4 Liquidating Distributions

After paying or providing for the payment of all debts or liabilities of the Company and all expenses of liquidation, and subject to the right of the Board of Managers to set up such reserves as they may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company, the proceeds of liquidation and any other assets of the Company shall be distributed to or for the benefit of the Members in Accordance with this Agreement. The Board of Managers shall have the right to distribute assets in kind, valued at the then fair market value of such assets, as a liquidating distribution to the Members.

### 7.5 Termination

Within a reasonable time following the completion of liquidation of the Company, the Board of Managers shall supply to each of the Members a statement that shall set forth the assets and the liabilities of the Company as of the date of complete liquidation and each Member's portion of the distributions pursuant to this Agreement. Upon completion of the liquidation of the Company and the distribution of all Company assets, the Company shall terminate and the Board of Managers shall have the authority to execute and file with Secretary of State a Certificate of Cancellation of the Company, as well as any and all other documents required to effectuate the dissolution and termination of the Company.

## Section 8. Selling Membership Interest, Admission and Withdrawal

### 8.1 Restrictions on Selling Shares or Membership Interest

8.1.1 Membership Interests may only be sold in units of 2500 shares and each unit of 2500 shares of Membership Interests in the Company has a value equal to .0001% of the then current Capital held within the Company.

8.1.2 Membership Interests may only be sold from a Manager of the Company to a new Member or from a Member to a Manager of the Company or from a deceased Members estate to a Manager of the Company.

8.1.4 Waiver of Opinion of Counsel: Unless waived by the Board of Managers, a Membership Interest shall not be



Transferred in the absence of an opinion of counsel, satisfactory to the Board of Managers that the transfer of the Membership Interest is exempt from the registration requirements under the Securities Act of 1933, as amended, or any applicable state securities laws.

## **8.2 Admission of Future or Substituted Members**

8.2.1 No person not a Member on the date of this Agreement shall become a Member hereunder under any of the provisions hereof unless such person shall expressly assume and agree to be bound by all of the terms and conditions of this agreement by freely partaking in a New Member Meeting with a Manager of the Company

Record of any future Member adopting this Agreement in full as the Agreement of the Company will be recorded after they first have an opportunity to review the then current version of this Agreement including all amendments as of that date and then indicate that they agree to adopt the then current version of this Agreement in full by submitting all required personal and banking information to a Manager of the Company who will then prepare and forward to the future Member all of the paperwork required by the Company to be properly completed and signed by the future Member before they can become a Member. Then after the future Member has had time to review, properly complete and sign all paperwork required by the Company the future Member will contact a Manager of the Company who will then schedule a Member Meeting with the future Member that will take place via a phone call. During the new Member Meeting the future Member will discuss becoming a Member of the Company and at any time can freely communicate any questions and discuss anything in this Agreement with a Manager of the Company. Then the future Member must agree to purchase 2500 shares of Membership Interest in the Company, confirm their notice address, confirm that they properly completed and signed all other paperwork required by the Manager of the Company, and then if they agree with everything finally sign the minutes documenting how and what took place during the Member Meeting. Then the new Member must mail everything back to a Manager of the Company and a Manager of the Company must confirm that everything mailed by the new Member was properly completed and signed before the Manager of the company will sign the minutes from the Member Meeting thus finalizing the individual becoming a New Member. After the individual notice address for an individual Member is set in the minutes all changes or updates to an individual Member's notice address will only be recorded and maintained by the Managers on computer under Microsoft Outlook or whatever the Board of Managers determine.

8.2.2 Each such person shall also cause to be delivered to the Company, at his, her or its sole cost and expense such documents or instruments as may be required in the discretion of the Board of Managers in order to effect such person's admission as an additional Member.

8.2.3 Upon compliance with all provisions hereof applicable to such person becoming a Member, a Manager is authorized to execute and deliver such amendments hereto as are necessary to constitute such person or entity a Member of the Company.

8.2.4 Any transferee of a Membership Interest that has not been admitted as a substituted Member shall be an "assignee," entitled only to allocations of net profits, net losses and other tax items of the Company and to distributions from the Company, and shall not be entitled to vote or participate in the affairs and management of the company.

8.2.5 A Member who has Transferred his Membership Interest shall cease to be a Member upon Transfer of the Member's entire Membership Interest and thereafter shall have no further powers, rights or privileges as a Member hereunder, but shall, unless otherwise relieved of such obligations by agreement of all the other Members or by operation of law, remain liable for all obligations and duties as a Member related to the time during which they were a Member.

8.2.6 The Company, each Member and any other person or persons having business with the Company need deal only with Members who are admitted as Members of the Company, and they shall not be required to deal with any other person by reason of a Transfer by a Member, except as otherwise provided in this Agreement. In the absence of the written consent, any payment to an assigning Member shall acquit the Company and the Managers of all liability to any other persons who may be interested in such payment by reason of a Transfer by such Member.



8.2.7 No person shall have a perfected lien or security interest in a Membership Interest unless the creation of such interest is in accord with the provisions of this Agreement and the Company is notified of such interest and provided a copy of all documentation with respect thereto, including financing statements, prior to execution and filing.

8.3.8 All transfers not in accord with this Agreement are automatically void.

### **8.3 Members Right to Withdraw**

Member shall have the right to voluntarily resign or otherwise withdraw from the Company at any time by scheduling a Member Meeting with a Manager of the Company that may be conducted via telephone or in person. At that same time the Member must sell all Membership Interest of 2500 shares back to a Manager of the Company at a value equal to .0001% of the then current Capital held within the Company at the time a Member decides to voluntarily resign or otherwise withdraw from the Company.

### **8.4 Members Forced to Withdraw**

A Manager may act to remove any Member from the Company at any time without cause or reason provided that a majority of Membership Interest vote to do so. If the Member forced to withdrawal decides to retain their Membership Interest they will only be entitled to allocations of net profits, net losses and other tax items of the Company and to distributions from the Company, and shall not be entitled to vote or participate in the affairs and management of the company.

### **8.5 Effect of Withdraw**

On and as of the effective date of a Member's withdrawal from the Company under the provisions of this Agreement, such former Member shall cease to have any Membership Interest or any management or other rights, status or privileges of a Member, but such former Member shall not be released or discharged from any of the obligations of a Member under the provisions of this Agreement, unless agreed to and evidenced by a majority of Membership Interest votes to do so.

## **Section 9. Administrative**

### **9.1 Principal Office**

The initial principal place of business and the principal office of the Company shall be at 3 Countryside Lane Depew, NY 14043.

### **9.2 Books and Records**

9.2.1 At all times during the term of the Company, the Board of Managers shall keep, or cause to be kept, full and faithful books of accounts, records and supporting documents, which shall reflect, completely, accurately and in reasonable detail, each financial transaction of the Company. The books of account shall be maintained and tax returns prepared and filed in the method of accounting determined by the Board of Managers. The books of account, records and all documents and other writings of the Company shall be kept and maintained by the Board of Managers. Each Member or his designated representative shall, upon reasonable notice in writing to the Board of Managers be able to schedule to visit the principal office and have access to all Company documents signed by the Member, Company tax returns excluding other Members K-1's, current Company Operating Agreement and all historical amendments, Bank statements, all Capital account details and transactions involving the specific Member, during reasonable business hours.

9.2.2 The Board of Managers shall cause the Company to keep at its principal office the following:

- a) A current list of the full name and last known business address of each Member
- b) A copy of the Certificate of Formation (Organization) and all articles of amendment
- c) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years; and



d) Copies of this Agreement, as it may be amended, and of any financial statements of the Company for the three most recent years.

## **Section 10. Indemnification and Limitation of Liability**

### **10.1 Indemnification of Members and Managers**

A Member, Manager or agent of the Company shall be entitled to reasonable indemnification for costs associated with any legal action against such a person, when the action is based solely by reason that such a person was or is a Member, Manager or agent of the Company and such legal action against such a person is not resulting from such person (a) first initiating legal action against the Company or a Member, Manager or agent of the Company or (b) filing or initiating a claim described in Section 10.3.4, 10.3.5, or 10.3.6. The provisions of this Section are in addition to, and not in substitution for, any other right to indemnity to which any person who is or may be indemnified by or pursuant to this Section may otherwise be entitled. No amendment or repeal of this Section shall limit or eliminate to indemnification provided hereunder with respect to acts or omissions occurring before such amendment or repeal.

### **10.2 Liability Limitation**

Except as provided in Section 10.3, neither a Member, a Manager nor an agent of the Company (including a person having more than one such capacity) shall be liable for any debts, obligations or liabilities of the Company or each other, whether arising in tort, contract or otherwise, solely by reason of being such member, manager or agent or acting (or omitting to act) in such capacities or participating (as a consultant, contractor or otherwise) in the conduct of the business of the Company.

### **10.3 Liability Actions.**

A Member, Manager or agent of the Company shall be personally liable to the Company, notwithstanding the provisions of the New York Limited Liability Company Law, for any of the following actions:

10.3.1 Claims based upon an act of willful misconduct by such person; or

10.3.2 Such person intentionally breaches any of the terms of this Agreement; or

10.3.3 Such person knowingly commits violations of criminal law or securities law; or

10.3.4 Such person attempts to have any labor related board, agency, or court pursue a wage per hour claim, overtime claim or any other labor related claim on their behalf against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company; or

10.3.5 Such person attempts to file or files for an unemployment claim against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company; or

10.3.6 Such person attempts to file or files for a disability claim against the Company, Member Management LLC, any other company or any firms/brokers based upon what they performed, invoiced for or were paid for while performing any activities or services as a Member of the Company.

### **10.4 No Retroactive Amendment**

No amendment or repeal of this Section 10 shall limit or eliminate to indemnification provided hereunder with respect to acts or omissions occurring before such amendment or repeal.

## **Section 11. Miscellaneous**

### **11.1 Entire Agreement**

This Agreement, including the exhibits attached hereto and incorporated herein by reference, constitutes the entire agreement of the Members with respect to the matters covered herein. This Agreement supersedes all prior agreements and oral understandings among Members with respect to such matters.

## 11.2 Amendment; Form of Company

11.2.1 Except as provided by law or otherwise set forth under this Agreement, this Agreement may be modified or amended by the written consent representing an overall majority of Membership Interest in the Company.

11.2.2 The Board of Managers may change or reorganize the Company into any other legal form, but only by first obtaining the written consent of an overall majority of Membership Interests in the Company.

## 11.3 Severability

Each provisions of this Agreement shall be considered severable. If for any reason any provision or provisions set above are determined to be invalid and contrary to existing or future law, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties to this Agreement in accordance with applicable law. The remainder of this Agreement shall remain in full force and effect.

## 11.4 Successors

Except as expressly otherwise provided herein, this Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and assigns.

## 11.5 Governing Law and Consent to Jurisdiction

This Agreement and all issues regarding the rights and obligations of the Members, the construction, enforcement and interpretation hereof, and the formation, administration and termination of the Company shall be governed by the provisions of the law in New York, without reference to conflict of laws principles. The Company and each Member irrevocably submit to the exclusive jurisdiction of the Federal and state courts located in Erie County, New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. The Company and each Member further agree that service of any process, summons, notice or document by U.S. registered mail to such person's address set forth in this Agreement or the signature page hereto shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. The Company and each Member irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding set forth above arising out of this Agreement or the transactions contemplated hereby, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

## 11.6 Attorneys' Fees

In the event of any litigation or action to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover from the nonprevailing party all fees and costs of such enforcement, including, without limitation, filing fees, reasonable attorneys' fees and other legal fees and costs, and costs of collection.

## 11.7 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument, binding upon all parties hereto, notwithstanding that all such parties may not have executed the same counterpart.

## 11.8 Waiver of Jury Trial

**EACH MEMBER AND THE COMPANY HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY SUCH MEMBER OR THE COMPANY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTIONS RELATED HERETO. EACH MEMBER ACKNOWLEDGES THAT THE COMPANY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.**

**IN WITNESS WHEREOF**, the undersigned Company, through its Manager on the date set forth below, and each new Member of the Company who has been allowed to first review a signed PDF copy of this Agreement and has submitted no documented objections to this Agreement then provides a Manager



of the Company with their social security number, date of birth, personal address, personal banking information, along with three copies of the Company's single page Member Declaration that have been signed by the new Member in front of a Notary Public and the new Member has partaken in and completed a new Member Meeting over the phone with a Manager of the Company to become a Member of the Company and then signed the Minutes for that same Member Meeting along with a Manager of the Company will have executed the terms of this Agreement effective on the date recorded in the Minutes for each new Member's Meeting.

**GROUP MANAGEMENT 0002 LLC**

By:   
John Schober, Manager

Date: 12/20/2007

JS