Rauland

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RAULAND–BORG CORPORATION

INTERNATIONAL DISTRIBUTOR'S AGREEMENT

AGREEMENT made between **RAULAND–BORG CORPORATION**, an Illinois corporation, of **3450 W. Oakton Street, Skokie, Illinois 60076–2951** ***("Rauland–Borg")***, and **CMT, Calle 30 A, No. 6-22 Oficina 201, A.A. 22668 Santa Fe de Bogota, Colombia** ***("Distributor")***;

WITNESSETH:

1. Appointment. Rauland-Borg hereby authorizes and appoints Distributor to sell, install, and service any and all items of sound and/or internal communications equipment and parts therefor of the major product categories set forth in Schedule "A" attached hereto or any amendment thereto (which items of equipment, components, and parts so set forth are hereinafter sometimes collectively referred to as the "Equipment"), and Distributor accepts such appointment and agrees to exert his best efforts to develop, sell, and promote the sale of the Equipment, it being understood and agreed that the bulk of Distributor's sales efforts in that portion of the sound and internal communications field in which the Equipment is utilized shall be devoted to the aggressive sale and promotion of Rauland-Borg's products.

2. Disclaimer of Partnership and Agency. This Agreement does not create an employer–employee relationship between Rauland-Borg and Distributor nor any agency, joint venture, or partnership relationship between them. Distributor shall have no right or authority to act for or bind Rauland–Borg in any way and shall maintain his status as an independent contractor purchasing Equipment from Rauland–Borg.

3. Territory. The geographical area in which Distributor will be expected to concentrate the bulk of his sales and service efforts for Rauland–Borg products (the "Country") shall be:

The entire Country of Colombia

4. Direct Sales and Other Distributors. It is understood and agreed that Rauland–Borg and/or certain other distributors may solicit and sell within the Country. It is also understood and agreed that Rauland–Borg has appointed, or may appoint one or more other distributors within the Country.

5. Distributor's Conduct. Distributor shall, at all times during the term of this Agreement, protect and promote Rauland–Borg's goodwill and reputation and shall avoid any activities detrimental thereto. Distributor agrees that during such term he will not enter into any contract or engage in any activities or transactions adversely affecting Rauland–Borg and that he will comply with all applicable federal, state, and local laws, regulations, and ordinances. The parties agree that indiscriminate sale and installation of the Equipment through unauthorized, untrained, or unqualified sources could be detrimental to all concerned, including the end-user customer. They further agree that a continuing pattern of sales made by Distributor outside the Country, particularly in areas where he cannot supply necessary service, may require Rauland-Borg to review Distributor's entire sales and promotional activities to determine whether he is complying with his obligation to concentrate the bulk of his sales and service efforts in the Country and to provide necessary service to his customers, it being expressly understood and agreed, however, that Distributor may make sales outside of the Country.

6. Price Changes. Rauland–Borg's published price to distributors in effect at the time an order is shipped by Rauland–Borg shall constitute Distributor's cost for Equipment. All prices and discounts shall be subject to change by Rauland–Borg effective upon the mailing of notice to Distributor even though Rauland–Borg's custom is normally to give thirty (30) days' notice of any such change.

7. Terms, Conditions of Sale, and Prices. Distributor agrees to pay Rauland–Borg in accordance with Rauland–Borg's then–standard terms and conditions of sale. A copy of Rauland–Borg's current standard terms and conditions is attached as part of Schedule "B".

8. Rauland–Borg's Warranty and Liability. Rauland–Borg's warranty and service are subject to the terms and conditions published and in effect at the time of sale to Distributor. A copy of Rauland–Borg's current warranty is attached as part of Schedule "B." Rauland–Borg's liability shall not, however, include responsibility for the calculations or accuracy of any engineering and/or consulting services that may be required of Distributor by his customers or of Rauland–Borg by the Distributor. In no event shall Rauland–Borg's liability exceed the cost of correcting or replacing defects in the Equipment nor shall its liability include indirect or consequential damages of any kind or character. All liability of Rauland–Borg hereunder shall terminate upon the expiration of the applicable warranty period.

9. Distributor's Installation and Service Department. Distributor shall provide and maintain, at his own expense, a competent and properly equipped installation and service department to properly install and service any and all Equipment when so requested even if such Equipment was installed by someone other than Distributor. Distributor shall maintain a stock of parts that is sufficient for the purpose of installing and servicing such Equipment in the field. Distributor shall also allow Rauland–Borg's representatives, at any

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reasonable time or times, to examine Distributor's place or places of business and Distributor's inventory of Equipment and service parts.

Distributor also recognizes and acknowledges the importance of proper system design and proper installation to the satisfactory operation of the Equipment and accepts full responsibility for the proper design of all Rauland-Borg Systems sold by him. To assure satisfactory installation and operation of the Equipment, Distributor agrees either to install or to physically supervise the installation of all Rauland-Borg Systems sold by him. Distributor further recognizes the importance of factory training and agrees to regularly attend and participate in all Rauland-Borg System Design and Installation Training Schools and Seminars.

10. Term of Agreement. The initial term of this Agreement shall extend from, **May 15, 1997,** *through* **September 30, 1997,** and shall not be cancelable by Rauland-Borg during this period except for Distributor's breach of this Agreement, it being understood and agreed that Rauland-Borg shall not have the right to cancel this Agreement before the expiration of the initial term or of any subsequent extended term because during such initial or extended term it may have reason to believe that Distributor will not meet any of the quotas referred to below. Distributor shall maintain for the initial term and any extended term of this Agreement a staff and organization suitable for the successful promotion and execution of sales of Equipment in the Territory. Distributor agrees that during the initial term, his purchases of Equipment from Rauland-Borg for his customers in the Territory shall total not less than this amount: $ to be determined In the event Distributor meets this quota and shall not otherwise have violated the terms and conditions of this Agreement, the Agreement shall continue after the initial term for an extended term of one (1) year and for additional extended one-year terms from year to year thereafter, provided that at the expiration of such first extended term and of each such additional extended term Distributor shall not have otherwise violated the terms and conditions of this Agreement and provided, further, that Distributor shall have met the Equipment purchase quota which Rauland-Borg shall have annually established, after review and consultation with Distributor, by notice sent to him on or before ninety (90) days after each such extended term shall have commenced. In the event Distributor does not meet such quota during the initial one-year term or during any extended term, Rauland-Borg shall thereafter have the right, option, and privilege to cancel this Agreement, provided that such right, option, and privilege shall be exercisable only by Rauland-Borg's giving written notice to Distributor on or before ninety (90) days after the expiration of such initial or extended term.

11. Distributor's Financial Position and Information. Distributor shall maintain and employ in connection with Distributor's business under this Agreement such working capital and net worth as may be required, in the reasonable opinion of Rauland-Borg, to enable Distributor to carry out and perform all of Distributor's obligations and responsibilities under this Agreement, and shall furnish such information as Rauland-Borg may from time to time reasonable deem necessary to determine Distributor's financial position. Distributor shall, when requested, also furnish then current "signed" financial statements (including Balance Sheets and Profit and Loss Statements) to Rauland-Borg, which the latter shall hold in strict confidence.

12. Use of Rauland-Borg Trademarks. During the term of this Agreement, Distributor shall be entitled to represent himself as a Rauland-Borg Distributor and to use any trade name or trademark employed by Rauland-Borg in connection with any of the Equipment; however, Distributor shall not be entitled to use any such trade name or trademark upon and/or in connection with any sound or internal communications equipment and parts manufactured by himself or others.

13. Labeling of Equipment. All Equipment shall be sold as Rauland-Borg's sound and/or internal communications equipment and Distributor shall not use his own name on Equipment in a manner which would tend to indicate the same was manufactured by Distributor (or any other person, firm, or corporation) rather than by Rauland-Borg. Distributor may, however, display his name on a system which includes components from one or more manufacturers in addition to Equipment of Rauland-Borg, provided, however, that the Rauland-Borg name thereon shall not be eradicated, obliterated or removed.

14. Advertising and Promotion. Rauland-Borg will make available to Distributor advertising materials for use in the Country. To insert applicable Rauland-Borg trademark headings in one or more local classified telephone directories distributed in the Country. Distributor also agrees to use his best efforts to regularly attend and participate in Rauland-Borg seminars, sales meetings, and sales conferences.

15. Termination by Either Party. Except as provided in Paragraph 10 above and in Paragraph 16 below, this Agreement shall remain in full force and effect until such time as either party hereto, at his election and with or without cause, terminates this Agreement by giving at least thirty (30) days' written notice to the other party. In the event that notice of termination is given by Distributor, Rauland-Borg shall be under no obligation to accept the return of, or to give credit for, any Equipment in Distributor's possession at the time of said termination. In the event Rauland-Borg gives such notice of termination, it will accept the return for credit, minus a 15% handling charge, of Equipment then in Distributor's possession, provided the Equipment is new and unused, is returned prepaid in its original cartons, and shall have been purchased within ninety (90) days of the termination notice.

16. Default. If at any time Distributor shall be in default in observing or performing any of the terms or provisions hereunder (including, but not limited to, regularly failing to pay Rauland-Borg in accordance with the provisions of Paragraph 7 above), or shall cease conducting business in the ordinary course, or shall commit an act of bankruptcy, or if Rauland-Borg determines that Distributor's financial situation has deteriorated to such an extent that there are reasonable grounds to

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believe Distributor will be unable to fulfill his obligations under this Agreement or under any other agreement to which he or Rauland-Borg is a party, then Rauland-Borg may, at its option, terminate this Agreement effective immediately by giving written notice to Distributor of such termination.

17. Effect of Termination. In the event that notice of termination is given by either party, Distributor shall submit to Rauland-Borg, prior to the effective date of termination (if under Paragraph 15) or within fifteen (15) days after termination (if under Paragraph 16), a list of outstanding price quotations made by Distributor to customers or prospective purchasers of Equipment in the Territory prior to the date of termination, which information shall be kept by Rauland-Borg in strict confidence and shall not be made available by it to any other Distributor. Subject to Distributor's compliance with the terms set forth in the preceding sentence, Rauland-Borg agrees to fill all *bona fide* orders resulting from such quotations, subject to the usual terms and conditions, provided that such orders are received by Rauland-Borg not more than sixty (60) days after the date of such termination. Rauland-Borg will consider any reasonable request of Distributor for an extension or extensions beyond such sixty (60) day period. Rauland-Borg further agrees that, for a period of at least two (2) years following such termination, if the same are available, it will provide Distributor with replacement parts for Equipment at Rauland-Borg's then-standard price or prices.

18. Damages. Rauland-Borg shall not be liable to Distributor for damages resulting from the installation or use of Equipment sold hereunder, nor shall it be liable for any loss or injury to the property or person of any of Distributor's dealers, agents, employees, or customers, whether resulting from Distributor's negligence or otherwise. Distributor shall indemnify and save harmless Rauland-Borg from all loss and liability of and to third persons arising out of Distributor's negligence in installing the Equipment or changing its design. Rauland-Borg shall not be liable to Distributor for any damages which arise or may arise by reason of the termination of this Agreement.

19. Governing Law and Severability. This Agreement is to be governed by and construed in accordance with the laws of USA. However, since this is a general form of agreement designed for use wherever the Equipment is sold, any provision which contravenes any law of any State or jurisdiction shall be deemed not to be a part of this Agreement in such Country or jurisdiction, but the balance of this Agreement shall remain in full force and effect.

20. Waiver. Any waiver by either of the parties hereto of any rights arising from a breach of any terms of this Agreement shall not be construed as a continuing waiver of other breach of the same or other terms.

21. Arbitration. In the event of any controversy among the parties hereto arising out of, or relating to this Agreement which cannot be settled amicably by the parties, such controversy shall be submitted by the parties to final, mandatory and binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties agree that binding arbitration shall be the sole means of resolving any disputes, claims or controversies under this Agreement. Any controversy arising under this Agreement which is to be arbitrated in accordance with this Section shall be submitted to an arbitrator selected from the panels of arbitrators of the AAA in accordance with procedures prescribed by the AAA. A hearing shall be held by the arbitrator at the offices of the AAA in the City of Chicago, Illinois and a decision of the matter submitted to them shall be rendered promptly. The decision of the arbitrator shall be final and binding upon all parties hereto. The arbitrator shall follow any applicable Federal and Illinois substantive law in rendering an award. The arbitrator shall have no power to award punitive or exemplary damages. The parties consent to the jurisdiction of the Circuit Court, Cook County, State of Illinois, and of the United States District Court for the Northern District of Illinois, for all purposes in connection with the arbitration. The parties consent that any process or notice of motion or other application to either of said courts, and any paper in connection with arbitration, may be served by certified mail, return receipt requested or by personal service or in such other manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance is allowed. Each party shall bear its own costs and expenses of witnesses and representation, including attorney's fees and expenses. All other expenses of the arbitration, including fees and expenses of the arbitrator and the AAA, shall be borne equally by the parties unless the arbitrator in the award assesses such expenses or any part thereof against any specified party or parties.

22. Notice. Any notice, demand, or other communication required or desired to be given under this Agreement shall be deemed to have been sufficiently given when sent by certified mail, return receipt requested, addressed to the party intended to be served. Unless changed in the manner above indicated, the addresses of Rauland-Borg and Distributor shall be those first written. The date of mailing shall be deemed to be the date on which any notice or other communication hereunder shall have been given.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors, assigns, and legal representatives, provided, however, that this Agreement is personal to Distributor and the latter shall not be entitled to transfer or assign this Agreement or any right granted hereunder nor appoint any sub-distributors without Rauland-Borg's prior written consent. In the event of a change in the ownership of Distributor's business, including, but not limited to, a transfer of more than 33 1/3% of Distributor's proprietary interest or capital stock, this Agreement shall terminate immediately. Rauland-Borg shall have the privilege, within sixty (60) days after being notified of such change in ownership by Distributor, to extend this Agreement.

24. Scope of Agreement. This Agreement shall be binding on Rauland-Borg only if executed by its President or one of its Vice Presidents. This

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other than as expressly stated in this Agreement or subsequently set forth in writing and executed by Rauland–Borg's President or any Vice–President and the Distributor or his authorized officer or representative. No Rauland–Borg salesman or district manager shall be deemed to have any authority to amend, waive, change, vary, modify, or rescind any of the terms or conditions of this Agreement whether such attempted amendment, change, variance, modification or rescission is made orally or in writing.

25. Construction. Where in this Agreement masculine pronouns are used, or words indicating the singular number appear. such words shall be considered as if neuter pronouns or words indicating the plural number had also been used, where the context indicates the propriety of such use.

26. Paragraph Headings. Paragraph headings are for convenience only and shall not be considered in construing this Agreement.

27. Distributor Obligations. Anything herein above in this Agreement (either in Paragraphs 5,9, or elsewhere) to the contrary notwithstanding, the parties recognize that if Rauland products are sold only through outlets which meet the performance standards referred to in the Agreement, the position of Rauland products with respect to competitive products from other manufacturers will be enhances, thereby benefiting both Rauland–Borg and Distributor. Accordingly, it is further agreed that:

***(i)* Distributor shall not either offer to sell or sell Rauland products from any of its outlets not previously authorized as such a distribution location in writing by Rauland–Borg (a complete listing of any such outlets [in addition to the address of the Distributor listed at the beginning of the Agreement] is set forth below);**

***(ii)* Distributor shall not, without Rauland–Borg's prior written consent, sell or otherwise transfer any Rauland products to any person or entity for resale other than to another authorized Rauland–Borg distributor, provided, however, that Rauland–Borg shall not unreasonably withhold such consent where Distributor has either demonstrated to Rauland–Borg, or provided Rauland–Borg with a reasonable opportunity to verify, that the proposed transferee will meet each of the performance, installation, service, and other standards set forth elsewhere in this Agreement; and**

***(iii)* Willful failure to comply with Distributor's obligations under Sub–paragraphs (i) or (ii) above shall constitute good cause for Rauland–Borg to terminate this Agreement."**

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their duly authorized officers, representatives or principals, all as of the 30th day of MAY, 1997.

ATTEST:

(Witness)

RAULAND–BORG CORPORATION

By: Kenneth D James
Ken James

Title: Executive Vice President

ATTEST:

(Witness)

C. M. T. LTDA.
CENTRO DE MANTENIMIENTO DE TELECOMUNICACIONES
CMT
Calle 3[illegible] Nro. 4-22 Of. 20
Tel. 280 2005

By: [illegible]
GERENCIA

Title: Gerente General

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