

IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

VIDICON LLC)
)
Petitioner,)
)
v.)
)
THE ILLINOIS DEPARTMENT OF REVENUE,)
)
Defendant.)

No.

RECEIVED
FEB 18 2016
BY: _____

16 11 35

NOTICE OF FILING

To: Illinois Department of Revenue
Office of Legal Services
100 W Randolph St., Ste. 7-900
Chicago, IL 60601

PLEASE TAKE NOTICE that on the 18th day of February, 2016, we filed with the Illinois Independent Tax Tribunal, 160 N. LaSalle Street, Room N506, Chicago, IL 60601 **Vidicon LLC's Petition**, a copy of which accompanies this notice and is served on you herewith.

Respectfully submitted,

VIDICON LLC
Petitioner

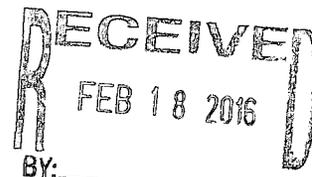
By: 
One of Petitioner's Attorneys

David A. Hughes (dhughes@hmblaw.com)
Christopher T. Lutz (clutz@hmblaw.com)
Samantha K. Breslow (sbreslow@hmblaw.com)
Horwood Marcus & Berk Chartered
500 W. Madison Street, Suite 3700
Chicago, IL 60661
(312) 606-3200

IN THE ILLINOIS INDEPENDENT TAX TRIBUNAL

VIDICON LLC)
)
Petitioner,)
)
v.)
)
THE ILLINOIS DEPARTMENT OF REVENUE,)
)
Defendant.)

No.



16 TT 35

PETITION

Petitioner, Vidicon LLC (“Petitioner”), by and through its attorneys, Horwood Marcus & Berk Chartered, complains of the Defendant, the Illinois Department of Revenue (“Department”), and alleges as follows:

PARTIES

1. Petitioner is an Illinois limited liability company treated as a partnership for federal and state income tax purposes. Petitioner’s principal business address is 300 Harvestore Dr., Dekalb, Illinois 60115.

2. Petitioner is represented by David A. Hughes and Christopher Lutz of Horwood Marcus & Berk Chartered, located at 500 West Madison St., Suite 3700, Chicago, Illinois 60661, who can be reached at 312-606-3212 or dhughes@hmblaw, or 312-606-3222 or clutz@hmblaw.com.

3. Petitioner’s FEIN is 36-4413876.

4. The Department is an agency of the Executive Department of the State Government and is tasked with the enforcement and administration of Illinois tax laws. 20 ILCS 5/5-15.

NOTICE

5. On December 23, 2015, Petitioner received two Notices of Deficiency for the amount of \$8,920.15 for the Tax Year ending December 31, 2010 and \$658,028.43 for the Tax Year Ending December 31, 2011. True and accurate copies of the Notices of Deficiency (“Notices”) are attached hereto as Exhibit A.

JURISDICTION

6. Petitioner brings this action pursuant to the Illinois Independent Tax Tribunal Act (“Tribunal Act”), 35 ILCS 1010/1-1 to 35 ILCS 1010/1-100.

7. The Tribunal has jurisdiction over this matter pursuant to sections 1-45, and 1-50 of the Tribunal Act because Petitioner timely filed this petition within 60 days of the Notices.

BACKGROUND

8. During the relevant tax years, Petitioner manufactured and rented light-emitting diode (“LED”) video screens and related equipment for concerts and other events.

9. Petitioner’s former owners, Robert J. Brigham, Jr. and Ronald Proesel, started the business in approximately January 2001.

10. Initially, Petitioner had a single customer, Nocturne Productions, Inc. (“Nocturne”), a company in the concert production business.

11. Mr. Brigham served as the COO and part owner of Nocturne but Mr. Proesel was not employed by Nocturne.

12. Petitioner initially did not manufacture the LED screens but instead purchased them from a third party.

13. Petitioner rented the LED screens and other equipment to Nocturne and Nocturne employees handled and assembled the LED screens at events.

14. In 2005, Petitioner began manufacturing the LED screens.
15. Petitioner did not have any employees in 2005 as Messrs. Brigham and Proesel were owners but not employees.
16. No other domestic company built, distributed or assembled video screens comparable to Petitioner's.
17. Comparable products were available from foreign suppliers, but they were not as durable or as easy to assemble.
18. Mr. Proesel is proficient in mechanical design, has a degree in electrical engineering technology, and his expertise is in electronics.
19. Mr. Proesel was responsible for developing Petitioner's LED screens, repairing any damaged LED screens, and for assisting Nocturne employees in prepping the screens for a concert.
20. Mr. Brigham's background is in the music industry where he has extensive relationships with managers and musicians in the industry, including Herbie Herbert, a former manager for the group Journey.
21. Mr. Brigham was responsible for renting Petitioner's LED screens to customers.
22. Mr. Proesel's technical expertise coupled with Mr. Brigham's relationships turned Petitioner into the leading LED screen developer and distributor in the music industry.
23. In February 2011, Messrs. Brigham and Proesel were approached by PRG Nocturne Productions, Inc., a company that produced video screens for auto shows and theater, but not music concerts.

24. After a brief negotiation, on May 31, 2011, Petitioner sold its assets in an installment sale to PRG Nocturne Productions, Inc. for up to \$70,000,000 pursuant to an Asset Purchase Agreement (“Agreement”).

25. The assets sold by Petitioner included equipment, inventory, and goodwill.

26. A significant amount of the goodwill sold by Petitioner was associated with the continued employment, under the Agreement, of Messrs. Ronald Proesel and Robert Brigham, Jr.

27. PRG Nocturne Productions, Inc. understood the vital role that Messrs. Brigham and Proesel played in developing and leading Petitioner.

28. For this reason, Mr. Proesel agreed to a five year contract as co-president of PRG Nocturne Productions, Inc., and to an additional 18 month non-compete agreement, attached hereto as Exhibit B.

29. Mr. Brigham agreed to a five year contract as co-president of PRG Nocturne Productions, Inc., and to an additional 18 month non-compete agreement, attached hereto as Exhibit C.

30. PRG Nocturne Productions, Inc. purchased life insurance policies for Messrs. Proesel and Brigham.

31. In addition, PRG Nocturne Productions, Inc.’s chairman requested Messrs. Proesel and Brigham remain with the company after the initial five year employment contracts expire.

32. Messrs. Proesel and Brigham remain salaried employees of PRG Nocturne Productions, Inc. and their responsibilities include assisting in sales and management of video

productions for concert tours at a national and international level, growing revenues, improving earnings, servicing customers, ensuring compliance, and managing the operations team.

33. Without the continued employment of Messrs. Proesel and Brigham, the sale price under the Agreement would have been significantly smaller.

34. Messrs. Proesel and Brigham typically earned enough in a given year that their compensation would have been similar over the seven years they committed to work for PRG Nocturne Productions, Inc. had they not sold the business.

35. Messrs. Brigham and Mr. Proesel's income as PRG Nocturne Productions, Inc. employees was significantly less than their annual distributions as the former owners of Petitioner.

36. Upon the sale of its assets, Petitioner distributed the proceeds to its owners, Messrs. Proesel and Brigham.

37. In distributing the sale proceeds to its owners, Petitioner deducted the payments made to Messrs. Proesel and Brigham as compensation for services rendered by partners of the partnership.

38. Messrs. Proesel and Brigham reported the sale proceeds on their individual Illinois income tax returns and paid Illinois income tax on those proceeds.

39. On audit, the Department determined that Petitioner was not entitled to deduct the payments made to Messrs. Proesel and Brigham.

40. The Department issued the Notices reflecting tax on the income that was deducted as compensation for services rendered by the partners.

COUNT I

Petitioner is Entitled to A Deduction for the Compensation Paid to its Partners for Services Rendered

41. Petitioner realleges and incorporates by this reference the allegations made in paragraphs 1 through 40, inclusive, hereinabove.

42. The Illinois Income Tax Act allows a partnership to deduct “[a]ny income of the partnership which constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater.” 35 ILCS 5/203(d)(2)(H).

43. Internal Revenue Code Section 1348, as in effect on December 31, 1981, provided that “personal service income” consists of “[a]ny income which is earned income within the meaning of section 401(c)(2)(C) or section 911(b) or which is an amount received as a pension or annuity which arises from an employer-employee relationship or from tax deductible contributions to a retirement plan.”

44. Internal Revenue Code section 911(b), as in effect on December 31, 1981, provided that the term “earned income” means wages, salaries, or professional fees, and other amounts received as compensation for personal services actually rendered, but does not include that part of compensation derived by the taxpayer for personal profits rather than a reasonable allowance as compensation for services actually rendered.

45. Although the Agreement states that a significant portion of the sale was attributable to goodwill, the Agreement contains no definition of the term “goodwill,” nor does it provide any schedules or explanation as to the value of the goodwill.

46. A significant amount of the value of Petitioner is derived from the personal efforts, abilities, and services of Messrs. Proesel and Brigham.

47. A significant portion of the gain was directly attributable to the continued employment and non-compete agreements of Messrs. Proesel and Brigham.

48. The value of Petitioner's assets was generated largely by the personal efforts of Messrs. Proesel and Brigham.

49. Because the personal efforts of Messrs. Proesel and Brigham created the value of the assets that were sold to PRG Nocturne Productions, Inc., Petitioner was entitled to deduct as compensation paid for personal services rendered by its partners the gain on the sale.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that the Petitioner is entitled to deduct from its income the payments it made to its owners for personal services rendered by the owners;
- (b) enters judgment in favor of Petitioner and against the Defendants and orders Defendants to withdraw the Notices;
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

COUNT II

All penalties should be abated based on reasonable cause

50. Petitioner realleges and reincorporates the allegations in paragraphs 1 through 49, inclusive, hereinabove.

51. In its Notices, Defendants assessed penalties in an amount totaling \$81,269.10.

52. Illinois law provides that penalties do not apply if a taxpayer shows that its failure to pay tax at the required time was due to reasonable cause. 35 ILCS §734-8.

53. The most important factor to be considered in making a determination to abate a penalty will be the extent to which the taxpayer made a good faith effort to determine its proper tax liability and to pay its proper tax liability in a timely fashion. 86 Ill. Admin. Code §700.400(b).

54. A taxpayer will be considered to have made a good faith effort to determine and pay its proper tax liability if it exercised ordinary business care and prudence in doing so. 86 Ill. Admin. Code §700.400(b).

55. Petitioner reasonably deducted the receipts from its income that it paid to its partners for services rendered.

56. Petitioner, relying on Illinois law and regulations, exercised ordinary business care and prudence when it reasonably determined its Illinois income tax liability.

57. The Department's determination that Petitioner owes penalties on late payment of tax is not supported by fact or law.

WHEREFORE, Petitioner prays that the Tribunal enter an order that:

- (a) finds and declares that all penalties should be fully abated based on reasonable cause;
- (b) enjoins the Department from taking any action to assess, lien, levy, offset, or in any other way prosecute and collect the amount of penalties on the Notices; and
- (c) grants such further relief as the Tribunal deems appropriate under the circumstances.

Respectfully submitted,

VIDICON LLC
Petitioner

By: 
One of Petitioner's Attorneys

David A. Hughes (dhughes@hmblaw.com)
Christopher T. Lutz (clutz@hmblaw.com)
Samantha K. Breslow (sbreslow@hmblaw.com)
Horwood Marcus & Berk Chartered
500 W. Madison Street, Suite 3700
Chicago, IL 60661
(312) 606-3200

EXHIBIT A

Notice of Deficiency
for Form IL-1065, Partnership Replacement Tax Return



December 23, 2015



Letter ID: CNXXX189X5253284

Taxpayer ID: 36-4413876
Audit ID: A1765265408
Reporting period: December 2010
Total Deficiency: \$8,920.15
Balance due: \$8,920.15

#BWNKMGV
#CNXX X189 X525 3284#
VIDICON LLC

ATTN: RONALD J. PROESEL

1799 PICKWICK LN
DEKALB IL 60115-1754

We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. **Illinois law requires that we notify you of this deficiency and your rights.**

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to the "Illinois Department of Revenue", write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed, but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- In all other cases, file a protest with us, the Illinois Department of Revenue, within 60 days of the date of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative and administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within 60 days, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- In any case, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due which, may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 558-4960

Statement

Date: December 23, 2015
Name: VIDICON LLC
Taxpayer ID: 36-4413876
Letter ID: CNXXX189X5253284

The attached EDA-27, Explanation of Adjustments, details your audit adjustments.

Computation of deficiency

Reporting period: 31-Dec-2010

Unmodified base income or loss	
Total unmodified base income or loss	\$2,970,175.00
Total unmodified base income	\$2,970,175.00
Income or loss	
Illinois bonus depreciation addition	\$1,619,419.00
Other additions	\$0.00
Total income or loss	\$4,589,594.00
Illinois base income or net loss	
Personal service income or reasonable allow.	\$2,970,175.00
Illinois bonus depreciation subtraction	\$891,253.00
Total subtractions	\$3,861,428.00
Base income or loss	\$728,166.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$728,166.00
Apportionment formula	
Total sales everywhere	\$0.00
Total Illinois sales	\$0.00
Apportionment factor	1.000000
Business income/loss apportionable to IL	\$0.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprt'n to IL	\$0.00
Base income or net loss allocable to IL	\$0.00
Net income	
Base income or net loss	\$728,166.00
Illinois net loss deduction (NLD)	\$257,244.00
Income after NLD	\$470,922.00
Exemption allowance	\$1,000.00
Net income	\$469,922.00
Base income or loss allocable to Illinois	\$469,922.00
Net replacement tax	
Replacement tax	\$7,049.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$7,049.00
Replacement tax investment credits	\$0.00

Statement

Date: December 23, 2015
Name: VIDICON LLC
Taxpayer ID: 36-4413876
Letter ID: CNXXX189X5253284

Computation of deficiency

Reporting period: 31-Dec-2010

Net replacement tax due	\$7,049.00
Total tax deficiency	\$7,049.00
UPIA-5 late-payment penalty (Audit)	\$1,057.35
Plus interest on tax through December 23, 2015	\$813.80
Total deficiency	* \$8,920.15

If you intend to pay under protest, you must pay this total deficiency amount.

Computation of balance due

Reporting period: 31-Dec-2010

Balance due	* \$8,920.15
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Explanation of Audit Adjustments

Income Tax



December 23, 2015

#BWNKMGV
#CNXX X141 1555 X882#
VIDICON LLC
ATTN: RONALD J. PROESEL
1799 PICKWICK LN
DEKALB IL 60115-1754



Letter ID: CNXXX1411555X882

Taxpayer ID: 36-4413876
Account ID: 16859-59680
Audit ID: A1765265408
Reporting period: December 2010

Explanation of adjustments for tax period ending 12/31/2010

We adjusted or disallowed the subtraction modifications for the amount of income of the partnership which constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership.
[35 ILCS 5/203(d)(2)(H)]

Interest on tax has been computed as allowed by Illinois law.
[35 ILCS 735/3-2]

We are imposing a penalty because you did not pay the amount required to be shown due on your return by the due date for payment. Once an audit has been initiated, the late payment penalty is assessed at 15 percent of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, Waiver of Restrictions, will result in this penalty increasing to 20 percent.
[35 ILCS 735/3-3(b-20)(2)]

<u>Income change</u>	<u>Tax impact</u>
\$514,922.00	\$7,724.00

Notice of Deficiency
for Form IL-1065, Partnership Replacement Tax Return



December 23, 2015



Letter ID: CNXXX18775316648

#BWNKMGV
#CNXX X187 7531 6648#
VIDICON LLC
ATTN: RONALD J. PROESEL
1799 PICKWICK LN
DEKALB IL 60115-1754

Taxpayer ID: 36-4413876
Audit ID: A1765265408
Reporting period: December 2011
Total Deficiency: \$658,028.43
Balance due: \$658,028.43

We have audited your account for the reporting period listed above. The attached statement explains the computation of your deficiency and the balance due. **Illinois law requires that we notify you of this deficiency and your rights.**

If you agree to this deficiency, pay the total balance due as soon as possible to minimize penalty and interest assessed. Make your check payable to the "Illinois Department of Revenue", write your taxpayer ID on your check, and mail a copy of this notice along with your payment.

If you do not agree, you may contest this notice by following the instructions listed below.

- **If the amount of this tax deficiency, exclusive of penalty and interest is more than \$15,000, or if no tax deficiency is assessed, but the total penalties and interest is more than \$15,000**, file a petition with the Illinois Independent Tax Tribunal within **60 days** of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).
- **In all other cases**, file a protest with us, the Illinois Department of Revenue, within **60 days** of the date of this notice. If you file a protest on time, we must reconsider the proposed deficiency, and if requested, grant you or your authorized representative and administrative hearing. An administrative hearing is a formal legal proceeding conducted pursuant to the rules adopted by the Department and is presided over by an administrative law judge. Submit your protest on Form EAR-14, Format for Filing a Protest for Income Tax, (available on our website at tax.illinois.gov). If we do not receive your protest within **60 days**, this deficiency will become final. A protest of this notice does not preserve your rights under any other notice.
- **In any case**, you may instead, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

If you do not protest this notice or pay the assessment total in full, we may take collection action against you for the balance due which, may include levy of your wages and bank accounts, filing of a tax lien, or other action.

If you have questions, call us at the telephone number shown below.

Sincerely,

Constance Beard
Director

ILLINOIS DEPARTMENT OF REVENUE
AUDIT BUREAU
PO BOX 19012
SPRINGFIELD IL 62794-9012
(217) 558-4960

Statement

Date: December 23, 2015
Name: VIDICON LLC
Taxpayer ID: 36-4413876
Letter ID: CNXXX18775316648

The attached EDA-27, Explanation of Adjustments, details your audit adjustments.

Computation of deficiency

Reporting period: 31-Dec-2011

Unmodified base income or loss	
Total unmodified base income or loss	\$40,186,447.00
Total unmodified base income	\$40,186,447.00
Income or loss	
Illinois bonus depreciation addition	\$2,912,114.00
Other additions	\$0.00
Total income or loss	\$43,098,561.00
Illinois base income or net loss	
Personal service income or reasonable allow.	\$1,502,842.00
Illinois bonus depreciation subtraction	\$5,945,029.00
Total subtractions	\$7,447,871.00
Base income or loss	\$35,650,690.00
Income allocable to Illinois	
Nonbusiness income or loss	\$0.00
Non-unitary partnership business income/loss	\$0.00
Business income or loss	\$35,650,690.00
Apportionment formula	
Total sales everywhere	\$0.00
Total Illinois sales	\$0.00
Apportionment factor	1.000000
Business income/loss apportionable to IL	\$0.00
Non-business income/loss allocable to IL	\$0.00
Non-unitary part bus income/loss apprt'n to IL	\$0.00
Base income or net loss allocable to IL	\$0.00
Net income	
Base income or net loss	\$35,650,690.00
Illinois net loss deduction (NLD)	\$0.00
Income after NLD	\$35,650,690.00
Exemption allowance	\$1,000.00
Net income	\$35,649,690.00
Base income or loss allocable to Illinois	\$35,649,690.00
Net replacement tax	
Replacement tax	\$534,745.00
Recapture of investment credits	\$0.00
Replacement tax before investment credits	\$534,745.00
Replacement tax investment credits	\$0.00

Statement

Date: December 23, 2015
Name: VIDICON LLC
Taxpayer ID: 36-4413876
Letter ID: CNXXX18775316648

Computation of deficiency

Reporting period: 31-Dec-2011

Net replacement tax due	\$534,745.00
Total tax deficiency	\$534,745.00
UPIA-5 late-payment penalty (Audit)	\$80,211.75
Plus interest on tax through December 23, 2015	\$43,071.68
Total deficiency	* \$658,028.43

If you intend to pay under protest, you must pay this total deficiency amount.

Computation of balance due

Reporting period: 31-Dec-2011

Balance due	* \$658,028.43
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Explanation of Audit Adjustments

Income Tax



December 23, 2015



Letter ID: CNXXXX1456948642

Taxpayer ID: 36-4413876
Account ID: 16859-59680
Audit ID: A1765265408
Reporting period: December 2011

_____ #BWNKMGV
_____ #CNXX XX14 5694 8642#
VIDICON LLC
ATTN: RONALD J. PROESEL
1799 PICKWICK LN
DEKALB IL 60115-1754

Explanation of adjustments for tax period ending 12/31/2011

	<u>Income change</u>	<u>Tax impact</u>
We adjusted your addition modifications to reflect the correct addback of the federal bonus depreciation, or the correct reversal of the Illinois depreciation for bonus depreciation assets in the last year you are allowed a federal depreciation deduction, as required to be shown on the Form IL-4562. [35 ILCS 5/203(b)(2)(E-10), (b)(2)(E-11), (c)(2)(G-10), (c)(2)(G-11), (d)(2)(D-5), (d)(2)(D-6)]	\$635,020.00	\$9,525.00
We adjusted your subtraction modifications to reflect the correct amount of Illinois depreciation related to bonus depreciation, assets, and the reversal of the bonus depreciation addback for an asset in the last year you are allowed a federal depreciation deduction for that asset, as required to be shown on Form IL-4562. [35 ILCS 5/203(b)(2)(T), (c)(2)(R), (d)(2)(O)]	\$232,428.00	\$3,486.00
We adjusted or disallowed the subtraction modifications for the amount of income of the partnership which constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code (as in effect December 31, 1981) or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership. [35 ILCS 5/203(d)(2)(H)]	\$40,400,000.00	\$606,000.00
Interest on tax has been computed as allowed by Illinois law. [35 ILCS 735/3-2]		
We are imposing a penalty because you did not pay the amount required to be shown due on your return by the due date for payment. Once an audit has been initiated, the late payment penalty is assessed at 15 percent of the late payment. Failure to pay the amount due or invoke protest rights within 30 days from the "Date of Issuance" on the Form IL-870, Waiver of Restrictions, will result in this penalty increasing to 20 percent. [35 ILCS 735/3-3(b-20)(2)]		

EXHIBIT B

NON COMPETE, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This Non Compete, Non-Solicitation and Confidentiality Agreement ("Confidentiality Agreement") is entered into between PRG Nocturne Productions Inc. (together with Production Resource Group, L.L.C., and their affiliates, divisions and subsidiaries, the "Company") and Ronald Proesel ("You" or "Employee"), and is executed contemporaneously with the letter setting forth Ronald Proesel's Terms of Employment ("Terms of Employment") (Confidentiality Agreement and the Terms of Employment are collectively referred to as the "Agreement") and with the Asset Purchase Agreement, by and among Production Resource Group, L.L.C., Nocturne Productions, Inc., Ronald Proesel, and others as selling shareholders with the Asset Purchase Agreement, by and among Production Resource Group, L.L.C., Vidicon LLC., Ronald Proesel, and others as selling shareholders (both Asset Purchase Agreements collectively referred to as the "APA").

1. Non-Solicitation and Non-Compete Covenant.

(a) In consideration for the mutual promises contained herein, and the significant consideration paid under the APA, Employee understands and acknowledges the scope of his duties and responsibilities for the Company and agrees that these terms contains reasonable restrictions necessary to protect the Company's legitimate business interests and trade secrets. Employee acknowledges that as a result of his position and access to and use of the Company's Oracle and Opportunity and Sales Management Systems he will be aware of all significant sales activity or prospective sales activity and pricing strategies and other Confidential Information (as defined herein) with respect to the Company's business and operations throughout the world, which information is a valuable asset of the Company, the disclosure of which would cause the Company material harm.

(b) Employee covenants and agrees with the Company that during the Restricted Period (as defined herein) he will not, in any geographic area in which Company did business, or in which Employee during the preceding six (6) months made sales on behalf of the Company, engage in any of the following activities for anyone other than the Company, either directly or indirectly, solely or jointly with any person or persons, as an employee, executive, consultant or advisor (whether or not engaged in business for profit) or as an individual proprietor, owner, partner, shareholder, director, officer, joint venturer, investor, lender or in any other capacity:

(i) engage directly or indirectly in any aspect of the sale, management or rental of video equipment (including the type provided by PRG Nocturne Productions) and services to the concert touring market; or

(ii) either directly or indirectly, separately or in association with others, interfere with, impair, disrupt or damage the Company's relationship with any Customer or Customer Prospect or solicit or encourage others to solicit any Customer or Customer Prospect. "Customer or Customer Prospect" means a person or organization to whom Company, or Vidicon LLC or Nocturne Productions Inc., within the 24-month period preceding the effective termination date of this Agreement, has provided services or products or with whom Company, Vidicon LLC or

Nocturne Productions Inc. has had substantive discussions regarding the provision of services or products;

(iii) solicit, either directly or indirectly, separately or in association with others, any of Company employees or encourage any of Company employees to discontinue their employment with Company; provided, however, that the placing of general advertisements in newspapers, magazines or electronic media which are not specifically aimed at the Company or employees of the Company shall not, in itself, constitute a breach of this Section 1; or

(iv) request or advise any past or present customer or customer prospect of the Company to breach any agreement or withdraw, curtail or cancel its business with the Company.

(c) The Restricted Period for sections 1(b)(i) through (iv) shall commence on the Effective Date and end on the later of eighteen months following expiration or termination of the Employee's employment or eighteen months after Employee receives compensation from the Company.

(d) Under no circumstances may Employee use the Company's Confidential Information (as hereafter defined) without express prior written approval of the Company except as specifically set forth in this Agreement.

2. No Conflict of Interest. Employee covenants and agrees that for so long as Employee is employed by the Company, Employee shall not, directly or indirectly, whether as an employee, employer, consultant, agent, principal, partner, member, stockholder, corporate officer or director or in any other individual or representative capacity, whether or not for compensation, engage in or participate in or render services to any business or activity which is competitive in any manner whatsoever with the Company or any subsidiary or affiliate of the Company; provided, however, that, notwithstanding the foregoing, Employee may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (i) such securities are traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System and (ii) Employee does not, directly or indirectly, own 1% or more of any class of securities of such entity.

3. Confidential and Proprietary Information. The Employee acknowledges that the Company possesses or will come into possession of information that has been created, discovered, developed, acquired or otherwise became known to the Company regarding the business conducted by the Company during Employee's employment (including, without limitation, information that is created, discovered, developed, acquired or made known by Employee in the course of his employment provided that such information is related in substance and scope to said employment) and in which the Company has rights of indeterminable commercial value (all of the aforementioned information is hereinafter collectively referred to as "Confidential Information"). By way of illustration, Confidential Information includes, but is not limited to, trade secrets, processes, formulas, data and know-how, information regarding financial reporting, inventory tracking and other computer-based systems, sales techniques and processes, credit information, pricing information of customers and vendors, marketing plans,

strategies, forecasts, market information, contacts, customer lists, business plans, financial information and all information collected from the Company's clients and customers. Employee acknowledges that such Confidential Information is critical to the success of the Company and constitutes the trade secrets of the Company. Employee further acknowledges that Confidential Information is in part set forth in the Company's manuals, memoranda, drawings and designs, specifications, accounting and sales records and other documents and records of the Company whether or not otherwise identified as "Proprietary" or "Confidential" some of which documents may be actually prepared in full or in part by Employee. Confidential Information shall exclude information to the extent that such information has become public, except where such information became public through disclosure by Employee.

4. Non-Disclosure. Employee acknowledges that all Confidential Information shall be the sole property of the Company and its successors and assigns. At all times, both during the course of employment by the Company and after Employee ceases to be employed by the Company, whether such cessation of employment shall be for any reason or for no reason, with or without cause, voluntary or involuntary, or by termination, resignation, disability, retirement or otherwise, Employee agrees to keep confidential all Confidential Information, and not use, disclose, disseminate, publish, copy, or otherwise make available, directly or indirectly, any Confidential Information except as expressly authorized in writing by the Company, provided Employee shall be relieved of his obligation of nondisclosure hereunder if Confidential Information is required to be disclosed by any applicable judgment, order or decree of any court or governmental body or agency having jurisdiction or by any law, rule or regulation, provided that in connection with any such disclosure, Employee shall give the Company reasonable prior written notice of the disclosure of such information pursuant to this exception and shall obtain, to the maximum extent possible, confidential treatment for such information by any authority requiring delivery of such information.

5. Return of Confidential Information. Employee agrees that when he ceases to be employed by the Company, whether such cessation of employment shall be for any reason or for no reason, with or without cause, voluntary or involuntary, or by termination, resignation, disability, retirement or otherwise, Employee shall (i) deliver to the Company all documents and data of any nature owned by the Company pertaining either to the Confidential Information or to Employee's work with the Company and (ii) abstain from taking or removing any documents, data or information, or any reproduction thereof, containing or pertaining to the Confidential Information or to Employee's work for the Company.

6. Disclosure and Assignment of Information. Employee agrees promptly to disclose to the Company all information pertaining to the Company's business and collected or learned by Employee, either alone or jointly with others, in the course of his employment with the Company. In addition, Employee hereby assigns to the Company any rights he may have or acquire in the information referred to hereunder, and promises that during the duration of his employment with the Company and thereafter, he will assist the Company in the enforcement and protection of the Confidential Information. The Company shall promptly reimburse Employee for any reasonable expenses incurred in complying with the provisions of this Section 6.

7. Developed Information.

(a) Employee agrees to promptly disclose to Company, or any persons designated by it, all ideas, improvements, inventions, programs, formulae, processes, techniques, discoveries, developments, designs, trade secrets, know-how and data, whether or not patentable or registrable under copyright or similar statutes, and all designs, trademarks and copyrightable works that Employee may solely or jointly make or conceive or reduce to practice or learn during the period of his employment which (i) are within the scope of the services to be provided by Employee to the Company, and are related to or useful in the business of Company or to Company's actual or demonstrably anticipated research, design, development, experimental, production, financing, sales, supply, rental, service, licensing, distribution or marketing activity carried on by the Company, or (ii) result from tasks assigned to Employee by Company, or (iii) are funded by Company, or (iv) result from use of premises owned, leased or contracted for by Company (hereinafter "Developed Information"). Such disclosure shall continue for 12 months after the expiration or termination of his employment with respect to anything that would be Developed Information if made, conceived, reduced to practice or learned during the term thereof.

(b) Employee agrees that all Developed Information shall be the sole property of Company and its assigns, and Company and its assigns shall be the sole owner of all patents, trademarks, copyrights and other rights in connection therewith. Employee hereby assigns to Company any rights Employee may have or acquire in all Developed Information. In addition, to the extent permitted by federal copyright law, the parties agree that any works resulting from Employee's work under this Agreement shall be "works for hire" as defined in the federal copyright law. Employee further agrees to assist Company in every proper way (but at Company's expense) to obtain and from time to time enforce patents, trademarks, copyrights and other rights on the Developed Information in any and all countries. To that end Employee will perform any further acts and execute and deliver all documents for use in applying for and obtaining such patents, copyrights and trademarks thereon and enforcing same, as Company may desire, together with any assignments thereof to Company or persons designated by it. Employee agrees to so assist Company beyond the termination of his employment. In the event that Company is unable for any reason whatsoever to secure Employee's signature to any lawful and necessary document required to apply for or prosecute any patent, trademark or copyright or other right or protection with respect to Developed Information (including renewals, extensions, continuations, divisions or continuations in part thereof), Employee hereby irrevocably designates and appoints Company and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee, to execute and file any such application(s) and to do all other lawfully permitted acts to further the prosecution and issuance of patents, trademarks, copyrights or similar protections thereon with the same legal force and effect as if executed by Employee.

(c) If for any reason the Developed Information is not considered a work made for hire under the copyright law, then Employee grants and assigns to Company, its successors and assigns, all of his rights, title, and interest in and to the Developed Information, including, but not limited to, the patent or copyright therein throughout the world (and any renewal, extension or reversion copyright now or hereafter provided), and all other rights therein of any nature whatsoever, whether now known or hereafter devised, including, but not limited to the right to make such changes therein, and such uses thereof, as Company may determine in its sole and absolute discretion.

8. Blue Pencil Rule. Employee and the Company desire that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. The restrictions set forth herein are regarded by the parties as fair and reasonable. If a court of competent jurisdiction determines that any restrictions imposed on Employee in this Agreement are unreasonable or unenforceable because of duration, geographic area or otherwise, Employee and Company agree and intend that the court shall enforce this Agreement to the maximum extent the court deems reasonable and that the court shall have the right to strike or change any provisions of this Agreement and substitute therefor different provisions to effect the intent of this Agreement to the maximum extent possible.

9. Injunctive Relief. The parties acknowledge that the Employee's services are unique and because Employee will have access to Confidential Information the parties agree that money damages would be an inadequate remedy for any breach of this Agreement. In the event of any breach or any threatened breach of this Agreement, the Company and its successor and assigns may, in addition to other rights and remedies to which the parties may be entitled under law or equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violation of, the provisions hereof (without posting a bond or other security). In the event of a breach of Section 1 by Employee, the term of the period of restriction shall be extended by a period equal to the length of such breach. In the event that either party takes legal action to enforce this Agreement, the prevailing party in any such action shall be entitled to recover from the other party, in addition to any other legal or equitable relief, all costs and expenses, including without limitation reasonable attorney and expert fees, expended by the prevailing party in bringing or defending the action.

10. Disputes. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Illinois without regard to its conflict provisions. Any controversy, claim or dispute arising out of or related to Employee's employment, including its termination ("Claims") (including any Claims against any employee, officer or agent of Employer) shall be submitted to final and binding arbitration before JAMS in Illinois, administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the Award may be entered in any court having jurisdiction. Employer will pay all arbitration fees, deposits and administrative costs assessed by the JAMS. The arbitrator shall have power to award attorneys' fees, expert witness fees and costs in accordance with applicable law, and as per this Agreement. Each party shall have the right to conduct all discovery

authorized by the Illinois civil rules of discovery. Claims for workers' compensation benefits and unemployment compensation benefits are not subject to arbitration. With respect to any claim covered by this provision, either party may seek preliminary injunctive relief from an appropriate court to preserve the status quo or prevent irreparable injury before the matter can be heard in arbitration. The prevailing party shall have the right to an award of reasonable attorneys' fees and costs. Claims for workers' compensation benefits, unemployment insurance benefits, and other benefits provided by a government agency are not subject to this section.

BY SIGNING THIS AGREEMENT, THE PARTIES ARE GIVING UP ANY RIGHT THEY MIGHT HAVE TO SUE EACH OTHER IN COURT AND HAVE THEIR CASE DECIDED BY A JUDGE OR JURY, EXCEPT AS PROVIDED IN SECTIONS 9 AND 10.

AGREED AND ACCEPTED

This 22nd day of May, 2011


Ronald Proesel

EXHIBIT C

NON COMPETE, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

This Non Compete, Non-Solicitation and Confidentiality Agreement ("Confidentiality Agreement") is entered into between PRG Nocturne Productions, Inc. (together with Production Resource Group, L.L.C., and their affiliates, divisions and subsidiaries, the "Company") and Robert J. Brigham, Jr. ("You" or "Employee"), and is executed contemporaneously with the letter setting forth Robert J. Brigham, Jr.'s Terms of Employment ("Terms of Employment") (Confidentiality Agreement and the Terms of Employment are collectively referred to as the "Agreement") and with the Asset Purchase Agreement, by and among Production Resource Group, L.L.C., Nocturne Productions, Inc., Robert J. Brigham, Jr., and others as selling shareholders with the Asset Purchase Agreement, by and among Production Resource Group, L.L.C., Vidicon LLC., Robert J. Brigham, Jr., and others as selling shareholders (both Asset Purchase Agreements collectively referred to as the "APA").

1. Non-Solicitation and Non-Compete Covenant.

(a) In consideration for the mutual promises contained herein, and the significant consideration paid under the APA, Employee understands and acknowledges the scope of his duties and responsibilities for the Company and agrees that these terms contains reasonable restrictions necessary to protect the Company's legitimate business interests and trade secrets. Employee acknowledges that as a result of his position and access to and use of the Company's Oracle and Opportunity and Sales Management Systems he will be aware of all significant sales activity or prospective sales activity and pricing strategies and other Confidential Information (as defined herein) with respect to the Company's business and operations throughout the world, which information is a valuable asset of the Company, the disclosure of which would cause the Company material harm.

(b) Employee covenants and agrees with the Company that during the Restricted Period (as defined herein) he will not, in any geographic area in which Company did business, or in which Employee during the preceding six (6) months made sales on behalf of the Company, engage in any of the following activities for anyone other than the Company, either directly or indirectly, solely or jointly with any person or persons, as an employee, executive, consultant or advisor (whether or not engaged in business for profit) or as an individual proprietor, owner, partner, shareholder, director, officer, joint venturer, investor, lender or in any other capacity:

(i) engage directly or indirectly in any aspect of the sale, management or rental of video equipment (including the type provided by PRG Nocturne Productions, Inc.) and services to the concert touring market; or

(ii) either directly or indirectly, separately or in association with others, interfere with, impair, disrupt or damage the Company's relationship with any Customer or Customer Prospect or solicit or encourage others to solicit any Customer or Customer Prospect. "Customer or Customer Prospect" means a person or organization to whom Company, or Vidicon LLC or Nocturne Productions Inc., within the 24-month period preceding the effective termination date of this Agreement, has provided services or products or with whom Company, Vidicon LLC or

Nocturne Productions Inc. has had substantive discussions regarding the provision of services or products;

(iii) solicit, either directly or indirectly, separately or in association with others, any of Company employees or encourage any of Company employees to discontinue their employment with Company; provided, however, that the placing of general advertisements in newspapers, magazines or electronic media which are not specifically aimed at the Company or employees of the Company shall not, in itself, constitute a breach of this Section 1; or

(iv) request or advise any past or present customer or customer prospect of the Company to breach any agreement or withdraw, curtail or cancel its business with the Company.

(c) The Restricted Period for sections 1(b)(i) through (iv) shall commence on the Effective Date and end on the later of eighteen months following expiration or termination of the Employee's employment or eighteen months after Employee receives compensation from the Company.

(d) Under no circumstances may Employee use the Company's Confidential Information (as hereafter defined) without express prior written approval of the Company except as specifically set forth in this Agreement.

2. No Conflict of Interest. Employee covenants and agrees that for so long as Employee is employed by the Company, Employee shall not, directly or indirectly, whether as an employee, employer, consultant, agent, principal, partner, member, stockholder, corporate officer or director or in any other individual or representative capacity, whether or not for compensation, engage in or participate in or render services to any business or activity which is competitive in any manner whatsoever with the Company or any subsidiary or affiliate of the Company; provided, however, that, notwithstanding the foregoing, Employee may invest in securities of any entity, solely for investment purposes and without participating in the business thereof, if (i) such securities are traded on any national securities exchange or the National Association of Securities Dealers, Inc. Automated Quotation System and (ii) Employee does not, directly or indirectly, own 1% or more of any class of securities of such entity.

3. Confidential and Proprietary Information. The Employee acknowledges that the Company possesses or will come into possession of information that has been created, discovered, developed, acquired or otherwise became known to the Company regarding the business conducted by the Company during Employee's employment (including, without limitation, information that is created, discovered, developed, acquired or made known by Employee in the course of his employment provided that such information is related in substance and scope to said employment) and in which the Company has rights of indeterminable commercial value (all of the aforementioned information is hereinafter collectively referred to as "Confidential Information"). By way of illustration, Confidential Information includes, but is not limited to, trade secrets, processes, formulas, data and know-how, information regarding financial reporting, inventory tracking and other computer-based systems, sales techniques and processes, credit information, pricing information of customers and vendors, marketing plans, strategies, forecasts, market information, contacts, customer lists, business plans, financial information and all information collected from the Company's clients and customers. Employee

acknowledges that such Confidential Information is critical to the success of the Company and constitutes the trade secrets of the Company. Employee further acknowledges that Confidential Information is in part set forth in the Company's manuals, memoranda, drawings and designs, specifications, accounting and sales records and other documents and records of the Company whether or not otherwise identified as "Proprietary" or "Confidential" some of which documents may be actually prepared in full or in part by Employee. Confidential Information shall exclude information to the extent that such information has become public, except where such information became public through disclosure by Employee.

4. Non-Disclosure. Employee acknowledges that all Confidential Information shall be the sole property of the Company and its successors and assigns. At all times, both during the course of employment by the Company and after Employee ceases to be employed by the Company, whether such cessation of employment shall be for any reason or for no reason, with or without cause, voluntary or involuntary, or by termination, resignation, disability, retirement or otherwise, Employee agrees to keep confidential all Confidential Information, and not use, disclose, disseminate, publish, copy, or otherwise make available, directly or indirectly, any Confidential Information except as expressly authorized in writing by the Company, provided Employee shall be relieved of his obligation of nondisclosure hereunder if Confidential Information is required to be disclosed by any applicable judgment, order or decree of any court or governmental body or agency having jurisdiction or by any law, rule or regulation, provided that in connection with any such disclosure, Employee shall give the Company reasonable prior written notice of the disclosure of such information pursuant to this exception and shall obtain, to the maximum extent possible, confidential treatment for such information by any authority requiring delivery of such information.

5. Return of Confidential Information. Employee agrees that when he ceases to be employed by the Company, whether such cessation of employment shall be for any reason or for no reason, with or without cause, voluntary or involuntary, or by termination, resignation, disability, retirement or otherwise, Employee shall (i) deliver to the Company all documents and data of any nature owned by the Company pertaining either to the Confidential Information or to Employee's work with the Company and (ii) abstain from taking or removing any documents, data or information, or any reproduction thereof, containing or pertaining to the Confidential Information or to Employee's work for the Company.

6. Disclosure and Assignment of Information. Employee agrees promptly to disclose to the Company all information pertaining to the Company's business and collected or learned by Employee, either alone or jointly with others, in the course of his employment with the Company. In addition, Employee hereby assigns to the Company any rights he may have or acquire in the information referred to hereunder, and promises that during the duration of his employment with the Company and thereafter, he will assist the Company in the enforcement and protection of the Confidential Information. The Company shall promptly reimburse Employee for any reasonable expenses incurred in complying with the provisions of this Section 6.

7. Developed Information.

(a) Employee agrees to promptly disclose to Company, or any persons designated by it, all ideas, improvements, inventions, programs, formulae, processes, techniques, discoveries, developments, designs, trade secrets, know-how and data, whether or not patentable or registrable under copyright or similar statutes, and all designs, trademarks and copyrightable works that Employee may solely or jointly make or conceive or reduce to practice or learn during the period of his employment which (i) are within the scope of the services to be provided by Employee to the Company, and are related to or useful in the business of Company or to Company's actual or demonstrably anticipated research, design, development, experimental, production, financing, sales, supply, rental, service, licensing, distribution or marketing activity carried on by the Company, or (ii) result from tasks assigned to Employee by Company, or (iii) are funded by Company, or (iv) result from use of premises owned, leased or contracted for by Company (hereinafter "Developed Information"). Such disclosure shall continue for 12 months after the expiration or termination of his employment with respect to anything that would be Developed Information if made, conceived, reduced to practice or learned during the term thereof.

(b) Employee agrees that all Developed Information shall be the sole property of Company and its assigns, and Company and its assigns shall be the sole owner of all patents, trademarks, copyrights and other rights in connection therewith. Employee hereby assigns to Company any rights Employee may have or acquire in all Developed Information. In addition, to the extent permitted by federal copyright law, the parties agree that any works resulting from Employee's work under this Agreement shall be "works for hire" as defined in the federal copyright law. Employee further agrees to assist Company in every proper way (but at Company's expense) to obtain and from time to time enforce patents, trademarks, copyrights and other rights on the Developed Information in any and all countries. To that end Employee will perform any further acts and execute and deliver all documents for use in applying for and obtaining such patents, copyrights and trademarks thereon and enforcing same, as Company may desire, together with any assignments thereof to Company or persons designated by it. Employee agrees to so assist Company beyond the termination of his employment. In the event that Company is unable for any reason whatsoever to secure Employee's signature to any lawful and necessary document required to apply for or prosecute any patent, trademark or copyright or other right or protection with respect to Developed Information (including renewals, extensions, continuations, divisions or continuations in part thereof), Employee hereby irrevocably designates and appoints Company and its duly authorized officers and agents, as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee, to execute and file any such application(s) and to do all other lawfully permitted acts to further the prosecution and issuance of patents, trademarks, copyrights or similar protections thereon with the same legal force and effect as if executed by Employee.

(c) If for any reason the Developed Information is not considered a work made for hire under the copyright law, then Employee grants and assigns to Company, its successors and assigns, all of his rights, title, and interest in and to the Developed Information, including, but not limited to, the patent or copyright therein throughout the world (and any renewal, extension or reversion copyright now or hereafter provided), and all other rights therein of any nature whatsoever, whether now known or hereafter devised, including, but not limited to the right to make such changes therein, and such uses thereof, as Company may determine in its sole and absolute discretion.

8. Blue Pencil Rule. Employee and the Company desire that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. The restrictions set forth herein are regarded by the parties as fair and reasonable. If a court of competent jurisdiction determines that any restrictions imposed on Employee in this Agreement are unreasonable or unenforceable because of duration, geographic area or otherwise, Employee and Company agree and intend that the court shall enforce this Agreement to the maximum extent the court deems reasonable and that the court shall have the right to strike or change any provisions of this Agreement and substitute therefor different provisions to effect the intent of this Agreement to the maximum extent possible.

9. Injunctive Relief. The parties acknowledge that the Employee's services are unique and because Employee will have access to Confidential Information the parties agree that money damages would be an inadequate remedy for any breach of this Agreement. In the event of any breach or any threatened breach of this Agreement, the Company and its successor and assigns may, in addition to other rights and remedies to which the parties may be entitled under law or equity, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violation of, the provisions hereof (without posting a bond or other security). In the event of a breach of Section 1 by Employee, the term of the period of restriction shall be extended by a period equal to the length of such breach. In the event that either party takes legal action to enforce this Agreement, the prevailing party in any such action shall be entitled to recover from the other party, in addition to any other legal or equitable relief, all costs and expenses, including without limitation reasonable attorney and expert fees, expended by the prevailing party in bringing or defending the action.

10. Disputes. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Illinois without regard to its conflict provisions. Any controversy, claim or dispute arising out of or related to Employee's employment, including its termination ("Claims") (including any Claims against any employee, officer or agent of Employer) shall be submitted to final and binding arbitration before JAMS in Illinois, administered by JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. Judgment on the Award may be entered in any court having jurisdiction. Employer will pay all arbitration fees, deposits and administrative costs assessed by the JAMS. The arbitrator shall have power to award attorneys' fees, expert witness fees and costs in accordance with applicable law, and as per this Agreement. Each party shall have the right to conduct all discovery authorized by the Illinois civil rules of discovery. Claims for workers' compensation benefits and unemployment compensation benefits are not subject to arbitration. With respect to any claim covered by this provision, either party may seek preliminary injunctive relief from an appropriate court to preserve the status quo or prevent irreparable injury before the matter can be heard in arbitration. The prevailing party shall have the right to an award of reasonable attorneys' fees and costs. Claims for workers' compensation benefits, unemployment insurance benefits, and other benefits provided by a government agency are not subject to this section.

BY SIGNING THIS AGREEMENT, THE PARTIES ARE GIVING UP ANY RIGHT THEY MIGHT HAVE TO SUE EACH OTHER IN COURT AND HAVE THEIR CASE DECIDED BY A JUDGE OR JURY, EXCEPT AS PROVIDED IN SECTIONS 9 AND 10.

AGREED AND ACCEPTED

This 22 day of May, 2011

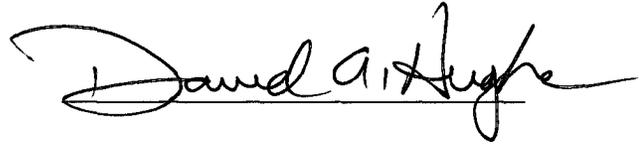


Robert J. Brigham, Jr.

CERTIFICATE OF SERVICE

Undersigned counsel of record hereby certifies that he caused a copy of the foregoing **Petition** to be served upon other counsel of record herein by causing the same to be delivered by messenger before the hour of 5:00 p.m. on the 18th day of February, 2016.

Illinois Department of Revenue
Office of Legal Services
100 W. Randolph St., 7-900
Chicago, IL 60601

A handwritten signature in black ink, reading "David A. Hughes". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.