

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE ("Agreement") is made and entered into by and between Mystic Fire Video, Inc. (hereafter "MFV"), A New York Corporation, Maxine Harris (hereafter "Harris"), an individual and the successor in interest to Hither Hills Productions (hereafter "HHP"), a New York General Partnership, on the one hand, and the Joseph Campbell Foundation (hereafter "JCF"), a Hawaiian Nonprofit Corporation, on the other hand.

The foregoing parties to this agreement may be collectively referred to herein as the "Parties."

RECITALS

A. In 2003, JCF commenced an action filed in the Superior Court of the County of Marin, State of California, entitled Joseph Campbell Foundation v. Mystic Fire Video, Inc., et al., Case No. CV 033936, hereinafter "the Action," which involves the rights to a video property known as "*Sukhavati*" and monetary issues arising in connection with said rights.

B. At this time the PARTIES wish to globally resolve and settle definitively all known and unknown disputes, claims and potential or possible future claims between them and to set forth their respective rights and obligations concerning the *Sukhavati* property in the future.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and for other valuable consideration, receipt of which is hereby acknowledged, the Parties hereby covenant and agree as follows:

TERMS RE: SUKAHAVATI

The Parties agree that their future rights, obligations and interests in the *Sukhavati* property are as follows.

1. All money received from an advance for the first broadcast license will be placed in an escrow account, from which checks (signed by both MFV and JCF) shall be drawn to pay for all the clearance of all currently uncleared third-party rights.

2. MFV will clear all currently uncleared rights, including broadcast rights, will provide JCF with documentation of all rights clearances, and will indemnify JCF for such clearances. In the event that any uncleared rights cannot be cleared at a reasonable cost, MFV shall have the right, in its sole discretion, to modify or alter "Sukhavati" to replace or remove any uncleared stock footage.
3. After all rights have been cleared, and after JCF has recouped the costs of new DVD packaging, MFV and JCF will split equally any money for the first broadcast license that remains in the escrow account. In addition, all DVD and VHS revenues from PBS will also be split equally after costs whenever the program airs on PBS.
4. Thereafter, JCF will have worldwide broadcast rights. MFV will not share in any revenues.
5. JCF will have exclusive worldwide video. MFV will not share in any revenues.
6. JCF will have exclusive worldwide direct marketing. MFV will not share in any revenues. MFV shall retain non-exclusive rights to sell directly from its own web site and through any MFV catalog. JCF shall provide DVDs/VHS cassettes to MFV at cost plus \$.75 for handling and JCF royalty.
7. Concurrent with this Agreement, HHP and MFV will assign all their respective copyright interests, if any, to JCF, and execute before a notary and deliver to JCF Exhibit 1 hereto to effect said assignments. JCF recognizes that MFV does not hold copyright to or control over footage licensed to be included in the program, except for stock footage owned by MFV and/or HHP, and JCF agrees not to separately exploit any of this footage. HHP and MFV grant JCF non-exclusive rights in perpetuity for use in *Sukhavati* for stock footage they own.
8. MFV will provide JCF with all masters to *Sukhavati*.
9. JCF waives all the money it claims it is owed by MFV (currently at least \$17,500) in favor of sole ownership of the copyright.
10. JCF agrees not to modify *Sukhavati* in any way (other than minor adjustments needed for broadcast, international licensing, and/or foreign-language video), to keep all of the credits intact, and to insure that the video is available for sale for the duration of the copyright period.
11. JCF will have worldwide Video on Demand (VOD) rights, except that MFV shall retain the non-exclusive right to offer Video on Demand directly from its own web site or via links from affiliate sites without payment to JCF.

12. MFV acknowledges that it has approximately 450 DVDs in its possession. It will pay JCF a 5% royalty upon the sale of these DVDs, payment to be made within 30 days of the end of each calendar quarter.

ADDITIONAL TERMS OF SETTLEMENT

13. DISMISSAL OF ACTION. Within five (5) days after full execution and delivery to counsel for the JCF of this Agreement and the notarized Exhibit 1 hereto by MFV and HHP, JCF shall dismiss the Action with prejudice, each party to bear its own attorneys' fees and costs.

14. JCF RELEASE OF CLAIMS FOR FEES AND/OR COSTS. Except as to rights and obligations created or contained in this agreement, JCF hereby specifically releases, waives, relinquishes and agrees to hold MFV, HHP and Harris, their respective heirs, affiliates, subsidiaries, officers, directors, employees, agents, principals, attorneys, insurers, and legal successors and assigns of and from any and all claims, demands, damages, debts, liabilities, accounts, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatsoever (hereafter referred to as "Claims,") whether now known or unknown, suspected or unsuspected, which it now has, own or holds or at any time heretofore ever had, owned or held in connection with the *Sukhavati* property and/or the Action, and any claim which was made or could have been made in the Action.

15. MFV, HHP AND HARRIS RELEASE OF CLAIMS FOR FEES AND/OR COSTS. Except as to rights and obligations created or contained in this agreement, MFV, HHP and Harris, jointly and severally hereby specifically release, waive, relinquish and agree to hold JCF, its respective heirs, affiliates, subsidiaries, officers, directors, employees, agents, principals, attorneys, insurers, and legal successors and assigns of and from any and all claims, demands, damages, debts, liabilities, accounts, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatsoever (hereafter referred to as "Claims,") whether now known or unknown, suspected or unsuspected, which either now has, own or holds or at any time heretofore ever had, owned or held in connection with the *Sukhavati* property and/or the Action, and any claim which was made or could have been made in the Action.

16. COSTS AND ATTORNEYS FEES. The Parties will each bear their own costs and attorneys' fees incurred in connection with the claims settled and released herein, the conduct of the Action, and the negotiation and execution of this Agreement and its Exhibit 1.

17. WAIVER OF SECTION 1542. With respect to the releases as described in this Agreement, each party expressly waives and relinquishes all rights and benefits under Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims which the creditor does not

know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Each of the undersigned acknowledges that it may have sustained damages and losses that are presently unknown and unsuspected, and that such losses as were sustained may give rise to additional losses and expenses in the future that are not now anticipated; nevertheless, each of the undersigned acknowledges that this Agreement has been negotiated and agreed upon in light of this realization and, being fully aware of the situation, each of the undersigned hereby expressly waives any rights it may have under Civil Code Section 1542 as well as any other federal or state statutes, or common law principles of similar effect.

18. WARRANTY OF RELEASES. Each party represents and warrants that as of the date of execution of this Agreement, he/it has the sole right and authority to execute this Agreement on its behalf. Each Party further represents and warrants that as of the date of the execution of this Agreement, he/she/it has not sold, assigned, transferred, conveyed or otherwise disposed of any claim or demand relating to any rights surrendered by this Agreement, including by way of subrogation or by operation of law or otherwise. Should the foregoing representation and warranty be untrue or misleading in any way, the party making that representation and warranty agrees to indemnify, defend and hold harmless the other party from any claim, demand, action or cause of action purportedly released herein that the representing and warranting party has sold, assigned, transferred, conveyed, or otherwise disposed of, including by way of subrogation or operation of law.

19. WARRANTY OF AUTHORIZATION. Each person executing this Agreement warrants that he/she/it is authorized to execute this Agreement on behalf of the corporation for which he signs and that any necessary resolutions and authorizations have been obtained prior to execution of this Agreement.

20. REPRESENTATIONS AND WARRANTIES. HHP and MFV represent and warrant that they have conducted due diligence regarding rights, title and interests in and to the *Sukhavati* property. HHP and MFV further represent and warrant that only Hither Hills Productions, co-owner of the copyright in *Sukhavati* with JCF, has any rights, title and interests in and to the *Sukhavati* property, and that said copyright is free and clear of any claims by any person or entity to any rights in or to the *Sukhavati* property. Should the foregoing representations and warranties be untrue or misleading in any way, HHP and MFV agree to indemnify, defend and hold harmless JCF from any claim, demand, action or cause of action purportedly released herein.

21. COMPROMISE AGREEMENT. This Agreement is a result of a compromise of disputed claims. Neither this Agreement nor any action taken in connection with or pursuant to this Agreement constitutes an admission by any party to this Agreement or by any other entity or person that any party to this Agreement has any liability to any other party hereto or that any conduct was unlawful or in violation of any contract, agreement,

statute, regulation, rule or order or constituted any wrongdoing whatsoever. The Parties are entering into this Agreement to settle disputed Claims and to avoid the expense, inconvenience and uncertainties of litigation.

22. INDEPENDENT JUDGMENT. The Parties further declare and represent that they have reviewed this Agreement in its entirety, have understood the contents of the Agreement, and in making this Agreement have relied solely and entirely upon their own judgment, belief, knowledge, investigation, independent legal advice and research of the nature, extent and duration of losses and damages caused by the other, if any, and upon their independent assessment of future business considerations, legal fees, and expenses they would incur should the Lawsuits continue and that they have not been influenced to any extent whatsoever in making this Agreement by any representations or statements regarding the same by any other party, or by any person or persons representing or acting for any other party. The Parties also declare that they have consulted with independent legal counsel in making this Agreement.

23. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations and agreements, whether written or oral. This Agreement may not be altered or amended except by an instrument in writing executed by all of the Parties to this Agreement.

24. SEVERABLE PROVISIONS. The provisions of this Agreement are severable. If a court of competent jurisdiction rules that any provision of this Agreement is invalid or unenforceable, the court's ruling will not affect the validity and enforceability of the other provisions of this Agreement.

25. SUCCESSORS, HEIRS, AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the Parties to this Agreement and their respective heirs, parents, subsidiaries, successors and assigns.

26. DRAFTING. Each party has participated in the drafting and preparation of this Agreement. Therefore, in any construction to be made of this Agreement, the same shall not be construed against any party by reason of the manner in which the Agreement was drafted and prepared.

27. ADDITIONAL DOCUMENTS. The Parties shall execute all such further and additional documents as shall be required to carry out the terms of this Agreement.

28. CALIFORNIA LAW. This Agreement shall be construed and governed in accordance with the laws of the State of California.

29. COUNTERPARTS. This Agreement may be executed in counterparts by the Parties hereto, and the counterparts taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto execute this Agreement as of the date set forth below their signatures.

HITHER HILLS PRODUCTIONS

By _____
Maxine Harris
Title: Surviving Partner

Maxine Harris, individually
Dated: September __, 2004

MYSTIC FIRE VIDEO, INC.

By _____
Title:

Morgan Harris, individually
Dated: September __, 2004

JOSEPH CAMPBELL FOUNDATION

By _____
Robert Walter
Title: Executive Director
Dated: September __, 2004

APPROVED AS TO FORM:
GORMAN & MILLER

By _____
John Gorman, Attorneys for
Mystic Fire Video, Inc.

Dated: September __, 2004

LAW OFFICES OF DAVID M. ZEFF

By _____
David M. Zeff, Attorneys For
Joseph Campbell Foundation

Dated: September __, 2004

COPYRIGHT ASSIGNMENT

WHEREAS, Hither Hills Production, a company with an address at (“Hither Hills”), was engaged by the Joseph Campbell Foundation, having a business address at Post Office Box 36, San Anselmo, CA 94979-0036, (hereinafter “JCF”) to produce copyrightable material, namely the audiovisual work known as *Sukhavati: Place of Bliss* (hereinafter “the Work”); and

WHEREAS the Work was registered in the United States Copyright Office under Registration Number PA-1-087-006 (the “Registration”), identifying Hither Hills Production and the Joseph Campbell Foundation as co-authors; and,

WHEREAS, Mystic Fire Video, Inc., a company with an address at _____ (“MFV”), was engaged in the sales and distribution of video and audio recorded material, including the Work; and,

WHEREAS, Hither Hills and MFV (hereinafter collectively referred to as ("the Assignors")) represent and warrant that only Hither Hills owns certain rights, title and interests in the Work and Registration, excluding the rights, title and interests in the Work and Registration owned by JCF, including audiovisual production and cinematographic materials and the rights of copyright therein, rights of renewal thereof, rights to use or reproduce the Work in all media now or hereafter known, copyright licenses and related copyright interests of every kind and nature and any and all renewals and extensions thereof that may be secured under all laws now or hereafter enforced, and claims for infringement, (hereinafter “Assignors' Rights in the Work”); and,

WHEREAS, JCF desires to acquire all rights in the Work and Registration;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignors' do hereby assign, set over and transfer to JCF all of Assignors' Rights in the Work and the Registration. Hither Hills and MFV agree to take any steps requested to execute and deliver to JCF any further instruments necessary or desirable in order to vest Assignors' Rights in the Work in JCF.

In Witness Hereof, Hither Hills and MFV, and their undersigned principals, have executed this Assignment effective as of September____, 2004.

HITHER HILLS PRODUCTIONS

Signed: _____
Title: Surviving Partner
Signed: _____
Maxine Harris, Individually
Dated: _____

Declared at
this ____ day of ____ 2004
Before me,
Notary Public

MYSTIC FIRE VIDEO, INC.

Signed: _____
Title: _____
Signed: _____
Morgan Harris, Individually
Dated: _____

Declared at
this ____ day of ____ 2004
Before me,
Notary Public