

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM599400

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNMENT OF THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Cynthia Ransom		01/10/2020	INDIVIDUAL:
RECEIVING PARTY DATA			
Name:	Good Karma Lifestyle LLC		
Doing Business As:			
Street Address:	900 E Main Street Ste 100		
City:	Anoka		
State/Country:	MINNESOTA		
Postal Code:	55303		
Entity Type:	Limited Liability Company: MINNESOTA		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	4816073	GK	
CORRESPONDENCE DATA			
Fax Number:	7632019800		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	6126165874		
Email:	cynthia@goodkarmaskincare.com		
Correspondent Name:	Cynthia Ransom		
Address Line 1:	900 E Main Street Ste 100		
Address Line 4:	Anoka, MINNESOTA 55303		
NAME OF SUBMITTER:	Cynthia Ransom		
SIGNATURE:	//CRansom/		
DATE SIGNED:	09/24/2020		
Total Attachments: 19			
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ASSET PURCHASE AGREEMENT BY

AND AMONG

GOOD KARMA

SKINCARE LLC,

CYNTHIA RANSOM

AND

GOOD KARMA LIFESTYLE LLC

Dated as of January 10, 2020

TRADEMARK

REEL: 007060 FRAME: 0675

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "**Agreement**") is made and entered into as of January 10, 2020, by and among GOOD KARMA SKINCARE LLC., a Minnesota limited liability company ("**Seller**"), Cynthia Ransom ("**Ransom**" or "**Owner**"), and Good Karma Lifestyle LLC, a Minnesota limited liability company (the "**Purchaser**").

RECITALS

WHEREAS, Seller is engaged in the business of (the "**Business**") selling cosmetic products and production of cosmetic products, including, facial cream, cleanser, toner, nighttime serum, body oil and skin oil ("**Cosmetic Inventory**");

WHEREAS, the Owner owns 100% of the outstanding and issued shares of Seller;

WHEREAS, the Seller desires to sell to the Purchaser, and the Purchaser desires to purchase from the Seller, substantially all of Seller's assets that are used in connection with the Business all upon the terms and conditions more fully set forth herein;

WHEREAS, the parties desire to enter into this written agreement to provide a full statement of each party's respective rights and responsibilities; and

WHEREAS, certain terms used herein shall have the meaning set forth in the Table of Definitions attached hereto as Schedule 1.0.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants, agreements, representations and warranties contained herein, the parties hereto hereby agree as follows:

ARTICLE I PURCHASE AND SALE OF ASSETS

1.1 Seller Obligations. On the Closing Date, the Seller shall sell and transfer to Purchaser all of Seller's rights, title and interest in and to the assets and properties of every kind, character and description (other than Excluded Assets) held or used in or for the benefit of the Business, whether tangible, intangible, real, personal or mixed (collectively referred to hereinafter as the "**Assets**").

(a) **Assets.** Without limitation of the foregoing, the Assets shall include certain tangible property, equipment of the Seller including but not limited to all Cosmetic Inventory, Good Karma logo branded items and all merchandise, supplies, and other inventory including, but not limited to, goodwill, Seller Intellectual Property, including all Seller's rights to the name "Good Karma Skincare", prepaid expenses, Assigned Contracts (as defined in Section 3.18) including but not limited to any employee non-compete agreements, all customer, supplier and service provider lists and similar information related to the Business, all other contact information, mailing lists and similar files related to the Business and all other books, reports, databases, information and other records related to the Business (for the avoidance of doubt, other than minute books and items which Seller is required by law to retain), any policies and procedures relating to the Business, the Seller's 800 telephone, e-mail addresses; and all rights with respect to causes of action, rights of recovery, rights of set-off, warranty claims, refunds, credits and other rights in respect of undertakings of third parties, Liens and other claims related to the Business. Without limitation of

1.3 Instruments of Transfer. The sale and transfer of the Assets to, and the assumption of the Assumed Liabilities by, the Purchaser as herein provided shall be effected at Closing by the Assignment and Assumption and Bill of Sale by and between the Purchaser and Seller in the form attached hereto as Exhibit 1.3.

1.4 Transfer Taxes. The Seller and Owner jointly and severally on the one hand, and Purchaser on the other hand, shall each be liable for and pay 50% of all federal, state and local sales Taxes (including any retail sales Taxes and land transfer Taxes) and all other Taxes, duties, fees or other like charges of any jurisdiction properly payable in connection with the transfer of the Assets by the Seller to the Purchaser.

1.5 Purchase Price Allocation. The adjusted deemed sale price (as determined pursuant to Treasury Regulations §1.338-4) shall be allocated among the Assets as set forth in Schedule 1.6, which is agreed upon in accordance with §1060 of the Code and the Treasury regulations thereunder (and any similar Law, as appropriate). The Seller and the Purchaser and their respective Affiliates shall report and file Tax Returns (including, but not limited to Internal Revenue Service Form 8594), and shall act, in all respects and for all purposes consistent with such allocation. The Purchaser and Seller shall timely and properly prepare, execute, file and deliver all such documents, forms and other information consistent with such allocation. No party shall take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with such allocation unless required to do so by applicable Law.

ARTICLE II CLOSING

2.1 The consummation of the purchase and sale of the Assets and the other transactions contemplated hereby and by the other Transaction Agreements (the "**Closing**") shall take place on the date hereof, provided that all of the conditions to closing set forth in Article VII below are fully satisfied, or on such other date as the parties may mutually agree (the "**Closing Date**") by exchange of electronic documents. For all financial accounting and all other necessary regulatory and licensure purposes between the parties, the Closing Date and the Closing will be deemed to have occurred as of 12:01 a.m. local time on the Closing Date.

2.2 At the Closing, a portion of the Purchase Price equal to the amount to be paid to the Seller's creditors pursuant to those certain payment direction letters attached hereto as Exhibit 2.2, shall be paid by the Purchaser directly to such creditors in order that Seller may discharge its Indebtedness, pay the Transaction Expenses, and transfer the Assets free of all Liens.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE OWNER

The Seller and the Owner jointly and severally represent and warrant to the Purchaser, as of the date hereof and as of the Closing Date, as follows:

3.1 Organization, Good Standing and Qualification.

(a) The Seller is a limited liability company duly organized, validly existing and in good standing under the provisions of the laws of the State of Minnesota and is qualified and licensed to do business in the State of Minnesota and every other jurisdiction in which it conducts business or the nature of its business and operations would require qualification as a foreign corporation.

3.5 Licenses and Permits. Except as set forth on Schedule 3.5, no Licenses have been issued to the Seller in connection with the Assets or the Business which are in effect or which have been in effect during the two (2) year period ending on the date hereof. To the Seller's Knowledge, there is no investigation or proceeding pending or threatened, that could result in the imposition of any fine, penalty or other sanctions for violation or alleged violation of any legal or regulatory requirements relating to any License or any basis therefor. The Seller has, and has had at all relevant times, all Licenses that are or were necessary in order to enable the Seller to own the Assets and conduct the Business.

3.6 Ownership; No Subsidiaries. Owner is the managing member of the Seller. There are currently no options, warrants or other rights to acquire any securities or other equity interest in the Seller. The Seller does not own and has not owned, either directly or indirectly, any interest or investment (whether debt or equity) in or been a member of any corporation, partnership, joint venture, business trust or other entity. Seller has no Subsidiaries.

3.7 Assets. The Seller is the sole and exclusive legal and equitable owner of all right, title and interest in, and has good, clear, indefeasible, insurable and marketable title to, all of the Assets free of all Liens. All of the Assets have been maintained in accordance with normal industry practice, and taken as a whole are in good operating condition and repair, and are adequate for the uses to which they are being put, subject to ordinary wear and tear. Since December 31, 2016, there has not been any material interruption of the operations of the Business due to the condition of any of the Assets. The Assets, with the exception of accounts receivable which is an Excluded Asset, include all assets, properties and rights used by the Seller in connection with the Business and which are necessary or desirable in order for the Purchaser to continue the Business as historically and currently proposed to be conducted following the Closing. As of the Closing Date, the Assets will be free and clear of any Lien. None of the Excluded Assets are necessary to operate the Business.

3.8 Personal Property. Except as set forth on Schedule 3.8 and to be paid in full with any applicable Liens released at or prior to Closing, none of the tangible personal property, machinery, equipment or vehicles used by the Seller in connection with the operation of the Business is subject to a lease, conditional or installment sale contract, Lien or similar arrangement.

3.9 Financial Statements.

(a) Annexed to Schedule 3.9(a) are (a) the unaudited balance sheets of the Seller as of December 31, 2018, December 31, 2017, December 31, 2016, and the related statements of income and cash flow and footnotes thereto for the 12-month periods then ended (the "**Financial Statements**") The Financial Statements fairly present the financial condition and the results of operations and cash flow of the Business (and no other business of the Seller) as of the respective dates of and for the periods referred to in such Financial Statements. Any disclosure omitted due to the nonconformity of the Financial Statements to GAAP, or the absence of footnotes in the Financial Statements, does not, to the Seller's Knowledge, either individually or in the aggregate have a Seller Material Adverse Effect. Except as described on Schedule 3.9(a), the Financial Statements reflect the consistent application of reasonable accounting principles throughout the periods involved. The books and records of the Seller to which the Financial Statements relate are complete in all material respect, and fully and fairly reflect bona fide transactions set forth therein.

(b) Except for any Indebtedness that will be paid in full and any corresponding Liens released at Closing, the Seller has no Indebtedness that will affect the Purchaser. To Seller's Knowledge, the Seller is not in default or otherwise in breach with respect to any Indebtedness. The

which may result in the institution of any such action, suit, claim or legal, administrative or arbitration proceeding or investigation against, involving or affecting the Seller, the Assets or the transactions contemplated hereby. The Seller is not in default with respect to any order, writ, judgment, injunction or decree known to or served upon it from any court or Governmental Authority.

3.12 Solvency and Value of Transfer. There is no bankruptcy or insolvency proceeding of any character including without limitation, bankruptcy, receivership, reorganization, dissolution or arrangement with creditors, voluntary or involuntary, affecting the Seller or Owner, and neither the Seller nor Owner has taken any action in contemplation of, or which would constitute the basis for, the institution of any such proceedings. Neither the Seller nor the Owner is insolvent under any bankruptcy, receivership or insolvency law, and since December 31, 2016 has been paying debts as they become due and within vendor terms. The Seller's sale of the Assets has not been undertaken with the intention to hinder, delay or defraud the Seller's current or future creditors.

3.13 Compliance with Laws.

(a) No claims, statements, or other matters (including, but not limited to, all correspondence or communications with any Governmental Authority) occurred since December 31, 2016 concerning or relating to any federal or state government funded program that involves, relates to or alleges: (i) any violation of any applicable rule, regulation, policy or requirement of any such program or any irregularity with respect to any activity, practice or policy of the Seller or the Business; or (ii) any violation of any applicable rule, regulation, policy or requirement of any such program or any irregularity with respect to any claim for payment or reimbursement made by the Seller or any payment or reimbursement paid to the Seller. There are no such violations or irregularities, nor are there any grounds to anticipate the commencement of any investigation or inquiry, or the assertion of any claim or demand by any government agency,

intermediary or carrier with respect to any of the activities, practices, policies or claims of the Seller or the Business, or any payments or reimbursements claimed by the Seller or the Business. The Seller is not currently subject to any outstanding audit by any such Governmental Authority, and there are no grounds to anticipate any such audit in the foreseeable future.

(b) The Seller has not violated in any material manner and is in compliance within all material respects with all applicable Laws. The Seller has not received any notice to the effect that, or otherwise been advised that, it is not in compliance with any Laws.

3.14 Employment Matters.

(a) Schedule 3.14(a) hereto contains a true, correct and complete list of all employees and individual independent contractors currently performing services for the Seller (collectively, the "**Seller Employees**"), such person's position, date of hire, exempt or non-exempt classification, annual base salary or hourly wage rate, accrued but unused sick and vacation leave or paid time off, whether the employee is on a leave of absence and the type of such leave, and amount of any other accrued benefits to which such person may be entitled or for which such person has made either written or oral claim to the Seller.

(b) Except as indicated on Schedule 3.14(b), no Seller Employee (i) has an employment agreement with the Seller, whether written or oral, (ii) has indicated that he or she intends to terminate his or her employment with the Seller or seek a material change in his or her duties or status, (iii) is currently on disability leave, (iv) has been misclassified as exempt or non-exempt under the Fair Labor Standards Act or other applicable Law, (v) has been employed

any Contract, nor has Seller received any notice of any such counterparty's default under any Contract.

(c) Except as set forth on Schedule 3.18(c), the Seller has made no prepayments or deposits under any Contract, or paid any fees in connection with the assignment of any Assigned Contract.

(d) The Assigned Contracts are valid and binding obligations and in full force and effect and have been entered into in the ordinary course of business, consistent with past practice. The Seller has not received any notice from any other party to an Assigned Contract of the termination or threatened termination thereof, nor any claim, dispute or controversy thereon, and to the Seller's Knowledge there has been no occurrence of any event which would allow any other Person to terminate any Assigned Contract, nor has the Seller received notice of any asserted claim of default, breach or violation of, any Assigned Contract.

(e) Consummation of the transactions contemplated by the Transaction Agreements will not constitute a default under any Contract (including without limitation, the Assigned Contracts) nor will it trigger any other provision in a Contract that would result in a material change in an Assigned Contract, including without limitation the requirement for a transfer fee or new deposit, or termination thereof.

(f) Except as set forth on Schedule 3.18(f), the Seller is not a party to a Contract that grants exclusive rights, including, but not limited to, exclusive purchase or sale rights, exclusive distribution rights, or exclusive license rights.

3.16 Real Property. Schedule 3.19 sets forth (a) a true and complete description of all real property used in connection with the Business (collectively, the "Premises") and whether such Premises is leased or owned by Seller. Except as set forth on Schedule 3.19, the Seller has the right to use those Premises which it leases from third parties to conduct the Business as currently conducted.

3.17 Financing Statements. Except for financing statements for debts that will be paid in full and released at Closing pursuant to all payment direction letters delivered pursuant to Section 2.2, to the Seller's Knowledge there are no financing statements under the Uniform Commercial Code which name the Seller as debtor or lessee filed in any state. Except for those no longer in effect, the Seller has not signed any financing statement or any security agreement under which a secured party thereunder may file any such financing statement.

3.18 Transactions With Affiliates. Except as set forth on Schedule 3.21 and since December 31, 2016, neither Owner nor any corporate member, director, officer or employee of the Seller or member of the family of any such Person, or any corporation, partnership, trust or other entity in which any such Person, or any member of the family of any such Person, has a substantial interest or is an officer, director, trustee, partner or holder of any equity interest, is a party to any transaction with the Seller, including any contract, agreement or other arrangement providing for the employment of, furnishing of goods or services by, rental of real or personal property from or to or otherwise requiring payments or involving other obligations to any such Person. There are no transactions listed on Schedule 3.21 that were not negotiated on an "arm's length" basis upon terms no less favorable to Seller, as the case may be, than it would obtain in a comparable "arm's length" transaction with a Person which is not an Affiliate.

3.19 Insurance. Schedule 3.22 correctly describes, by type, carrier, policy number,

scope of his or her employment; (ii) is a party to a "work-for-hire" or similar agreement under which the Seller is or is deemed to be the original owner/author of all right, title and interest therein; or (iii) has executed an assignment in favor of the Seller or any of its Affiliates (or such predecessor in interest, as applicable) of all rights, title and interest in such Intellectual Property. The Seller has no Knowledge that any of its employees, agents, consultants or contractors is in violation of any material provision thereof. No such agreement purports to exclude any inventions or intellectual property from assignment to the Seller or contains any "field of use" limitations, "field of interest" limitations or otherwise contains provisions that could operate to limit the assignment of any inventions or intellectual property created by such consultant, employee or independent contractor during the period(s) that they were providing services to the Seller. No current or former employee, agent, consultant or contractor of the Seller is entitled to or has claimed any additional payment or compensation in respect of any of the Intellectual Property owned or used by Seller.

3.21 Suppliers. Schedule 3.24 contains a true, complete and current list of the five (5) most significant suppliers of the Seller (by revenue and excluding itemization of merchants for supplies purchased through credit cards) and the amounts paid or payable to each since January 1, 2017. Except as set forth on Schedule 3.24, no supplier has notified the Seller of an intention on its part to terminate or materially decrease the rate of, or materially change the terms (whether related to payment, price or otherwise) with respect to, supplying materials, products or services to the Seller and there are no disputes with any material supplier of products or services to the Seller. The Seller has not taken any actions specifically intended to lead to the termination or material modification of any such supplier's agreement or relationship with the Seller.

3.22 Customers. Schedule 3.25 contains a true, complete and current list of the ten (10) most significant customers (by revenue) of the Seller and the amounts paid to the Seller by each since January 1, 2018. Except as set forth on Schedule 3.25, the Seller has not received any notice and no significant customer of the Seller has ceased, or will cease, to use the products, equipment, goods or services of the Business or has substantially reduced, or will substantially reduce, the use of such products, equipment, goods or services at any time, except where the Seller has fulfilled its obligations under a Contract relating to a specific project.

3.23 Disclosure. No representation or warranty by the Seller or the Owner in this Agreement, the Bill of Sale and the schedules, and no statement or certificate furnished or to be furnished by or on behalf of the Seller or the Owner to the Purchaser pursuant to this Agreement or in connection with this Agreement, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary in order to make the statements herein or therein, not misleading.

3.24 Data Security. Seller is in compliance in all material respects with data protection and Privacy Laws. To the Seller's Knowledge, as of the Closing Date there has been no unauthorized use of or access to any information or data, including Personal Information, used or held by or on behalf of Seller.

3.25 Social Media. Schedule 3.28(a) contains a correct, current and complete list of all social media accounts used by Seller in the conduct of the Business. Seller has provided Purchaser with all user names and passwords associated with the social media accounts included in the Seller Intellectual Property. Seller has complied in all material respects with the terms of use, terms of service and other contracts and all associated policies and guidelines relating to its use of any social media platforms, sites or services in the conduct of the Business (collectively, "**Platform Agreements**"). There are no claims, audits or investigations settled or, to Seller's Knowledge,

applicable, copies of any trust agreements, custodial agreements, insurance policies, administration agreements and similar agreements, and investment management or investment advisory agreements; (iv) copies of any summary plan descriptions (including any summaries of material modification), summary of benefits and coverage (if applicable), employee handbooks or similar employee communications relating to any Plan; (v) in the case of any Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination letter or volume submitter opinion letter from the Internal Revenue Service; (vi) in the case of any Plan for which Forms 5500 are required to be filed, a copy of the most recently filed Forms 5500, with schedules attached; (vii) copies of any Form 1094-C (and filing confirmations) for Seller group health plans, and (viii) copies of notices, letters or other correspondence from the Internal Revenue Service, Department of Labor or pension benefit guaranty corporation relating to the Plan.

(c) There are no pending, threatened, or anticipated claims, litigation, administrative actions or proceedings against or otherwise involving any of the Plans.

(d) Schedule 3.30(d) contains a complete list of any and all obligations with respect to any former employees, consultants, or contractors or qualifying beneficiaries under COBRA. Except as set forth on Schedule 3.30(d), no Plan provides or has any current obligation to provide for post-retirement or post-employment health and welfare benefits, including but not limited to severance, salary continuation, termination, disability, death, or retiree health or medical benefits to any current or former employee, consultant, or contractor of Seller.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser hereby represents and warrants to the Seller and the Owner as of the date hereof and as of the Closing Date, as follows:

4.1 Organization. Good Standing and Qualification. The Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota and is qualified and licensed to do business in every other jurisdiction in which it conducts business or the nature of its business and operations would require qualification as a foreign limited liability company. The Purchaser has all requisite power and authority to own and operate its properties and to carry on its business as now conducted, to enter into this Agreement and to carry out and perform its obligations under the Transaction Agreements to which Purchaser is a party.

4.2 Authorization; Binding Agreement. The execution and delivery by the Purchaser of the Transaction Agreements to which it is a party and all of the documents and instruments required thereby and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Purchaser. The Purchaser has full legal right, power, and authority to execute and deliver the Transaction Agreements to which the Purchaser is a party, and to carry out and perform the transactions contemplated thereby. The Transaction Agreements to which the Purchaser is a party and each of the other documents and instruments required hereby have been duly executed and delivered by the Purchaser, and constitute the legal, valid and binding obligations of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, except as enforceability may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or similar Laws in effect which affect the enforcement of creditors' rights generally, or (ii) general principles of equity, whether considered in a proceeding at law or in equity.

formulations, customer lists, data, records, financial information, proprietary methods, personnel information, business secrets, operational methods and other valuable confidential business information in connection with the Business which is not generally publicly available, the disclosure of which would place the Purchaser and its Affiliates at a serious competitive disadvantage, and would do serious damage to the Purchaser and its Affiliates, financial and otherwise. The Seller and the Owner have made significant efforts and incurred significant costs and expenditures in developing relationships with customers, potential customers, suppliers, employees and others, which the Seller and the Owner acknowledge would be irreparably damaged by competition with the Purchaser. As an inducement to the Purchaser to enter into this Agreement and as a condition to the consummation of the transactions contemplated herein, in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Seller and the Owner covenant and agree with the Purchaser to refrain from competitive activities as described below.

5.2 Non-Compete Terms. During the period commencing on the Closing Date and terminating on the fifth anniversary after the Closing Date, without the prior written consent of the Purchaser, neither the Seller nor the Owner shall, directly or indirectly, either alone or in association with others, other than with the Purchaser, anywhere within a 250 miles radius from 900 E Main Street, Anoka, MN 55303 (the "**Restricted Area**"), of or with respect to any business activity within the Restricted Area:

- (a) engage, in any way or to any extent, in the Business;
- (b) whether as a principal, consultant, partner or in any other capacity, own, manage, control or participate in the ownership, management or control of, or render services directly related to, any person, corporation, partnership, proprietorship, firm, association or other business entity engaged in any way and to any extent in the Business or any other activities that are competitive with the Business;
- (c) induce, request or encourage any employee, consultant, officer or director of the Purchaser or its Affiliates to terminate any such relationship with the Purchaser or such Affiliate;
- (d) employ, cause to be employed, assist in the solicitation of or solicit the employment of any employee, consultant, officer or director of the Purchaser or its Affiliates while any such person is providing services to the Purchaser or its Affiliates or within three (3) months after any such person ceases providing services to the Purchaser or its Affiliates; or
- (e) solicit, divert or appropriate, or assist in or attempt to solicit, divert or appropriate, any customer or supplier, or any potential customer or supplier, of the Purchaser or its Affiliates for the purpose of competing with the Business.

Notwithstanding any provision of this Agreement to the contrary, Owner may own, directly or indirectly, securities of any entity having a class of securities registered pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), which engages in a business competitive with the Business, provided that Owner does not, directly or indirectly, individually or in the aggregate (including without limitation by being a member of a group within the meaning of Rule 13d-5 under the Exchange Act) own beneficially or of record more than one percent (1%) of any class of securities of such entity.

(b) The right and remedy to recover money damages insofar as they can be determined, including without limitation the right and remedy to require the Seller and the Owner to account for and pay over to the Purchaser all profits, monies, accruals, increments or other benefits, if any, derived or received by the Seller or the Owner as the result of any transactions constituting a breach of this Article V.

5.6 Amendment. The parties acknowledge and agree that the provisions of this Article V are reasonable and valid in duration and scope and in all other respects. The Seller and the Owner recognize that the Purchaser will operate the Business nationally and that the provisions of this Article V are necessary in order to protect the legitimate business interests of the Purchaser. If any court of competent jurisdiction determines that any of the provisions of this Agreement, or any part thereof, is invalid or unenforceable, such court shall have the power to reduce the duration or scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

ARTICLE VI COVENANTS

6.1 Consents and Approvals. If a Third Party Consent is not obtained and delivered prior to Closing Date and the Purchaser waives such requirement, (i) neither this Agreement nor any action taken hereunder shall be deemed to constitute an assignment of any Asset or any Contract if such assignment or attempted assignment would constitute a breach of any Contract or result in the loss or diminution of any rights thereunder or acceleration of any obligations thereunder, and (ii) the Seller shall cooperate with the Purchaser, at Purchaser's expense, in any reasonable arrangement proposed by the Purchaser designed to obtain such Third Party Consent.

6.2 Cooperation. The Purchaser and Seller shall continue after the Closing Date to work amicably to ensure a smooth transition of all of the obligations required under this Agreement. Each of the parties hereto shall, from time to time after the Closing Date, upon the request of any other party hereto, duly execute, acknowledge and deliver all such further instruments and documents reasonably required to further effectuate the interests and purposes of this Agreement. The foregoing will be at the expense of such requesting party, except to the extent such requesting party is entitled to indemnification therefor or to the extent this Agreement otherwise allocates such expense to any other party.

6.3 Payments; Collections. The Purchaser shall receive and hold in trust for, and promptly pay over to the Seller within 10 calendar days of receipt, all cash received subsequent to the Closing Date from any source relating to services provided by the Seller prior to the Closing Date. Such payments shall be made promptly after receipt of such payments by the Purchaser, and a copy of the remittance advice shall accompany such payments. The Purchaser shall promptly remit to the Seller all payables of Seller to third parties in connection with the Business that remain unpaid as of the Closing Date. Seller or Owner shall make payment of each such trade payable before the delinquent date, unless such trade payable is disputed in good faith (a "Disputed Trade Payable"). If the Seller fails to satisfy any such liability or obligation other than a Disputed Trade Payable, the Purchaser may pay such liability or obligation and seek reimbursement from Seller. Furthermore, after Closing, at the Seller's expense, the Seller will satisfy all liabilities and obligations of the Seller (that are not Assumed Liabilities) in a manner that is not detrimental to any of the relationships of the Business (including with lessors, employees, Governmental Authorities, licensors, customers and suppliers). The Seller shall receive and hold in trust for, and promptly pay over to the Purchaser within 10 calendar days of receipt, all cash received subsequent

(c) payment by the Purchaser of the Purchase Price as provided in Section 1.2(b); and

(d) such other documents and instruments, each in a form reasonably satisfactory to Seller and its counsel, as may be reasonably requested by Seller in order to carry out the transaction contemplated by this Agreement and the other Transaction Agreements.

7.2 Seller's and Owners Deliverables. The obligations of the Purchaser under this Agreement are subject to the delivery of the following closing deliverables by Seller and/or Owner, all or any of which may be waived in writing by Purchaser:

(a) a good standing certificate for the Seller from the State of Minnesota dated no more than ten (10) days prior to the Closing Date;

(b) resolutions adopted by Seller authorizing this Agreement and the transactions contemplated by this Agreement;

(c) a copy of the Assignment and Assumption and Bill of Sale in the form attached hereto as Exhibit 1.4 executed by Seller;

(d) all Governmental Approvals and Third Party Consents listed on Schedules 3.3(a) and (b) in form and substance satisfactory to Purchaser;

(e) such other documents and instruments, each in a form reasonably satisfactory to Purchaser and its counsel, as may be reasonably requested by Purchaser in order to carry out the transaction contemplated by this Agreement and the other Transaction Agreements and to vest good and marketable title in the Assets in the Purchaser, free and clear of all Liens.

7.3 No Injunction or Action. The obligations of the Purchaser, the Seller and the Owner under this Agreement are conditioned upon there being, as of the Closing Date, no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a Governmental Authority concerning this Agreement which would make illegal or otherwise prevent consummation of this Agreement in accordance with its terms, and no proceeding or action brought by any Governmental Authority seeking the foregoing shall be pending.

ARTICLE VIII

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

8.1 Survival of Representations and Warranties. All representations and warranties contained in this Agreement or any other agreement, schedule, certificate, instrument or other writing delivered by or on behalf of any party hereto in connection with this transaction shall survive for a period of eighteen (18) months from the Closing Date (the "**Survival Period**") and shall in no way be affected by any investigation, discovery or awareness of the subject matter thereof made by or on behalf of Purchaser, the Seller or the Owner; provided, however, that the representations and warranties and covenants set forth in Sections 3.1, 3.2, 3.6, 3.7, 3.16, 3.21, 4.1, 4.2 and 4.5 (such representations and warranties, the "**Fundamental Representations**") shall survive for the applicable statute of limitations. Each of the representations and warranties that contains any "Knowledge," "Material Adverse Effect," "material" or similar materiality qualifications shall be read as though such qualifications were not contained therein for the purposes of determining whether or not a Purchaser Indemnified Party is entitled to indemnification pursuant to this Article VIII or the amount of Indemnifiable Losses to which such Indemnitee may be entitled under this Article VIII.

(i) If the Indemnifying Party acknowledges in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Indemnifying Party shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within thirty (30) days of the receipt of such notice from the Indemnified Party.

(ii) In the event the Indemnifying Party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. In the event the Indemnifying Party declines to undertake such defense and the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party's expense, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party.

(iii) If the Indemnifying Party shall have failed to assume the defense of any claim in accordance with the provisions of this Article VIII, then the Indemnified Party shall have the absolute right to control the defense of such claim and, if and when it is finally determined that the Indemnified Party is entitled to indemnification from the Indemnifying Party hereunder, the fees and expenses of the Indemnified Party's counsel shall be borne by the Indemnifying Party and paid by the Indemnifying Party to the Indemnified Party within five (5) Business Days of written demand therefor, but the Indemnifying Party shall be entitled, at its own expense, to participate in (but not control) such defense.

(iv) So long as the Indemnifying Party has assumed and is conducting the defense of the Third Party Claim in accordance with Section 8.4(b)(ii) above, (1) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages by the Indemnifying Party and does not impose an injunction or other equitable relief upon the Indemnified Party and (2) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably).

(b) Direct Claims. If any Indemnified Party desires to assert a Direct Claim, the Indemnified Party shall give the Indemnifying Party notice of such Direct Claim within thirty (30) days after the Indemnified Party becomes aware of such claim; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VIII except to the extent the Indemnifying Party is prejudiced by such failure. Such notice shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the

and burdens of proof and available remedies. THE PARTIES VOLUNTARILY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF MINNESOTA AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN MINNESOTA, OVER ANY DISPUTE BETWEEN OR AMONG THE PARTIES RELATED TO OR ARISING OUT OF THIS AGREEMENT, AND EACH PARTY IRREVOCABLY AGREES THAT ALL SUCH CLAIMS IN RESPECT OF SUCH DISPUTE SHALL BE HEARD AND DETERMINED EXCLUSIVELY IN SUCH COURTS. THE PARTIES HEREBY IRREVOCABLY CONSENT TO THE JURISDICTION OF SUCH COURTS AND HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH DISPUTE RELATED TO OR ARISING OUT OF THIS AGREEMENT BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH PARTY AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BYLAW.

9.6 Schedules and Exhibits. The Schedules and Exhibits attached hereto are an integral part of this Agreement. All exhibits and schedules attached to this Agreement are incorporated herein by this reference and all references herein to this "Agreement" shall mean this Asset Purchase Agreement together with all such exhibits and schedules, and all ancillary agreements and exhibits and schedules thereto to be delivered at Closing.

9.7 Severability. Any provision hereof which is held to be prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be adjusted rather than avoided, if possible, in order to achieve the intent of the parties to this Agreement to the extent possible without in any manner invalidating the remaining provisions hereof.

9.8 Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed properly given three (3) Business Days after being sent by registered or certified mail, postage prepaid, to the parties at the mailing address listed below:

If to Purchaser:

Good Karma Lifestyle LLC
Attention: Rebecca Moser
900 E Main Street, Suite 100
Anoka, MN 55303

With a copy to:

Email: RebeccaMoser@goodkarmalifestyle.com

Rebecca Moser
5520 144th Court NW
Ramsey, MN 55303

If to Seller
or the Owner:

Cindy Ransom
714 Mississippi Drive
Brainerd, MN 56401

this Agreement or breaches any clause in this Agreement, such defaulting party shall pay all the expenses, attorneys' fees, and costs incurred by the non-defaulting or non-breaching party at trial and appellate levels including demonstrating the existence of a breach, seeking and obtaining equitable relief, and any other enforcement efforts in connection with such default or breach, whether or not any litigation is commenced.

IN WITNESS WHEREOF, the parties hereto have executed and delivered, or caused this Asset Purchase Agreement to be executed and delivered by their duly authorized representatives, as of the date first written above.

SELLER:

GOOD KARMA SKINCARE LLC

By Its: Managing Member

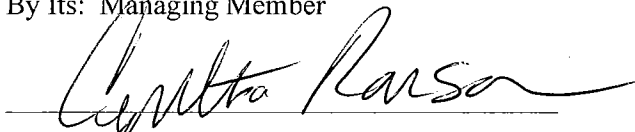


Cynthia Ransom

OWNER:

GOOD KARMA SKINCARE LLC

By Its: Managing Member



Cynthia Ransom

PURCHASER:

GOOD KARMA LIFESTYLE LLC

By Its: Sole Member

Rebecca Moser

Purchase Agreement, the purpose of which is to supplement, facilitate and otherwise implement the transfer intended hereby.

(e) The Seller does hereby irrevocably constitute and appoint the Purchaser, its successors and assigns, its true and lawful attorney in fact, with full power of substitution, in its name or otherwise, and on behalf of the Seller, or for its own use, to claim, demand, collect and receive at any time and from time to time any and all Assets, properties, claims, accounts and other rights, tangible or intangible, hereby sold, transferred, conveyed, assigned and delivered, or intended so to be, and to prosecute the same at law or in equity and, upon discharge thereof, to complete, execute and deliver any and all necessary instruments of satisfaction and release.

(f) With respect to periods occurring on or after the Effective Date, the Seller hereby authorizes and directs all obligors under the Assigned Contracts included in the Assets, to deliver any warrants, checks, drafts or payments to be issued or paid to the Seller pursuant to the Assigned Contracts to the Purchaser; and the Seller further authorizes the Purchaser to receive such warrants, checks, drafts or payments from such obligors and to endorse the Seller's name on them and to collect all funds due or to become due under the Assigned Contracts.

2. Assignment and Assumption of Assumed Liabilities.

(a) The Seller hereby assigns to the Purchaser, its successors and assigns, and the Purchaser hereby assumes, in accordance with the terms and conditions of the Purchase Agreement, the Assumed Liabilities. Notwithstanding anything in this Agreement to the contrary, except as specifically set forth in the Purchase Agreement, the Purchaser shall not assume nor be deemed to have assumed any debt, claim, obligation or other liability of the Seller or any Affiliate of the Seller, whether known or unknown, accrued or unaccrued, fixed or contingent, natural or unnatural, whether arising out of occurrences, events or actions prior to, at or after the Effective Date.

(b) Notice of the assignment under this Agreement may be given at the option of either party to all parties to the Assigned Contracts (other than the Seller) or to such parties' duly authorized agents.

(c) The assumption by the Purchaser of any Assumed Liabilities shall not enlarge the rights of any Person with respect to any Assumed Liabilities, nor shall it prevent the Purchaser, with respect to any Person other than the Seller, from contesting or disputing any Assumed Liability.

(d) The Seller hereby appoints the Purchaser, its successors and assigns, as the true and lawful attorney-in-fact of the Seller, with full power of substitution, having full right and authority, in the name of the Seller, to collect or enforce for the account of the Purchaser, liabilities and obligations of third parties under the Assumed Liabilities; to institute and prosecute all proceedings they may deem proper in order to enforce any claim to obligations owed under the Assumed Liabilities, to defend and compromise any and all actions, suits or proceedings in respect of the Assumed Liabilities, and to do all such acts in relation to the Assumed Liabilities that the Purchaser may deem advisable. The Seller agrees that the above-

IN WITNESS WHEREOF. The undersigned have caused this Assignment and Assumption and Bill of Sale to be duly executed and delivered on their behalf on the day and year first above written.

PURCHASER:

GOOD KARMA LIFESTYLE LLC

By Its: Sole Member

Rebecca Moser

SELLER:

GOOD KARMA SKINCARE LLC

By Its: Managing Member



Cynthia Ransom

presence or release of Hazardous Materials, (iii) compliance order, cleanup and abatement order and cease-and-desist order, and (iv) natural resource damage claims.

"Exchange Act" has the meaning set forth in Section 5.2. "Excluded

Assets" has the meaning set forth in Section 1.1(b). "Excluded

Liabilities" has the meaning set forth in Section 1.1(d). "Financial

Statements" has the meaning set forth in Section 3.9(a).

"GAAP" means accounting principles generally accepted in the United States of America, in effect from time to time.

"Governmental Approval" means registration or filing with, or consent or approval of, or other action by, any foreign, federal, regional, state, local or other Governmental Authority necessary for the valid execution, delivery and performance of this Agreement and the other Transaction Agreements by any of the parties hereto, the consummation of the transactions contemplated hereby and thereby, and the operation of the Business.

"Governmental Authority" means any governmental, regulatory or administrative agency, authority, department, commission, board, bureau, court or instrumentality or any other public authority, whether foreign, federal, regional, state or local, and includes any authority having governmental or quasi-governmental powers, including any administrative agency or commission.

"Hazardous Material" means any substance, chemical, waste, pollutant, contaminant or material that is or becomes regulated, or requires a response action, by any Environmental Laws because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness, reactivity, or deleterious effect on human health or the environment, including asbestos, polychlorinated biphenyls, flammable explosives, oil, petroleum or any refined petroleum product and additives thereto, and any material or substance which is defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste" "restricted hazardous waste," "toxic substance," or words of similar regulatory effect under any provision of any Environmental Law, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) ("CERCLA") and the Resource Conservation and Recovery Act (42 U.S.C. Section 9601 et seq.).

"Indebtedness" of any Person at any date means, without duplication, (i) all indebtedness of such Person for borrowed money whether short-term or long-term, (ii) any Liability evidenced by bonds, debentures, notes or similar instruments, (iii) any Liability to pay the deferred purchase price of property or services (other than trade liabilities and accrued expenses incurred and payable in the ordinary course of business), (iv) any capitalized leases or indebtedness arising under conditional sales contracts and other similar title retention instruments, each as determined in accordance with GAAP, (v) all Liability in respect of letters of credit, acceptance credit or similar facilities, (vi) outstanding or unsatisfied obligations under any interest rate swap, interest

"Licenses" means licenses, permits, consents, approvals, authorizations, registrations, qualifications and certifications of any Governmental Authority (whether foreign, federal, regional, state or local).

"Liens" means any lien, claim, security interest, mortgage, pledge, restriction, covenant, charge or encumbrance of any kind or character, direct or indirect, whether accrued, absolute, contingent or otherwise.

"Losses" means losses, damages, liabilities, actions, suits, proceedings, claims, demands, taxes, sanctions, deficiencies, diminution in value, settlement claims paid, assessments, judgments, costs, interest, fines, penalties and reasonable expenses (including without limitation reasonable attorneys' fees).

"Organizational Documents" means, with respect to any entity, collectively such entity's certificate or articles of incorporation, articles of organization, by-laws, certificate of formation, agreement of limited partnership, or other organizational documents, as amended to date.

"Person" means any natural person, corporation, limited liability company, unincorporated organization, partnership, association, joint stock company, joint venture, trust or any other entity.

"Personal Information" means, in addition to any definition for any similar term (e.g., "personally identifiable information" or "PII") provided by applicable Law or by the Company in any of its privacy policies, notices or contracts, all information that identifies, could be used to identify or is otherwise associated with an individual person or device, whether or not such information is associated with an identifiable individual, including (a) name, physical address, telephone number, email address, financial information, financial account number or government-issued identifier, and (b) internet protocol addresses, device identifiers or other persistent identifiers. Personal Information may relate to any individual, including a current, prospective, or former customer, end user or employee of any Person, and includes information in any form or media, whether paper, electronic, or otherwise.

"Plan" has the meaning set forth in Section 3.31(a).

"Pre-Existing Environmental Conditions" means any Environmental Liabilities or other environmental conditions existing at the Closing Date, whether then known or unknown in, on, at, under or emanating from the Premises or other property currently or previously owned, leased or operated in connection with the Business.

"Premises" has the meaning set forth in Section 3.19.

"Privacy Laws" means any and all applicable Laws and legal requirements relating to the receipt, collection, compilation, use, storage, processing, sharing, safeguarding, security (both technical and physical), disposal, destruction, disclosure or transfer (including cross-border) of Personal Information, including the Federal Trade Commission Act, any security standards published by the Payment Card Industry (PCI) Security Standards Counsel, including the Payment Card Industry Data Security Standard (PCI-DSS), Telephone Consumer Protection Act (TCPA),

"Taxes" means all taxes of any type or nature whatsoever, including without limitation, income, gross receipts, excise, franchise, property, value added, import duties, employment, payroll, sales and use taxes and any additions to tax and any interest or penalties thereon.

"Tax Returns" means any and all returns, declarations, reports, claims for refunds and information returns or statements relating to Taxes, required to be filed by Seller for itself and for any Employee Benefit Plan or Plan, including all schedules or attachments thereto and including any amendment thereof.

"Third Party Claims" has the meaning set forth in Section 8.4.

"Third Party Consent" means consent or approval by any third party, including without limitation any Person that is not a party to this Agreement, required in order to consummate the transactions or perform the related covenants and agreements contemplated hereby or by the other Transaction Agreements, or to vest full right, title and interest in the Assets free and clear of any Lien upon the Purchaser, all without any change in the Assets and all rights therein after the Closing Date.

"Transaction Agreements" means this Agreement, Employment Agreement, and the Assignment and Assumption and Bill of Sale, and all other agreements executed in connection with this Agreement and in connection with Closing.

"Transaction Expenses" means expenses of the Seller in connection with the transactions contemplated herein (including attorneys' and other professionals' fees and any severance, redundancy, bonus, change in control or other similar employee benefit obligation arising as a result of the announcement or consummation of any such transaction), in each case that are unpaid as of the Closing.

"Year-End Financial Statements" has the meaning set forth in Section 3.9(a).