

APPENDIX A

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, made and entered into this ____ day of _____, 2001, by

Escrow Account is terminated as provided for herein, Smolev agrees to make no claim to or demand for the return of the Escrow Account Assets, directly or indirectly, through counsel or otherwise; and, in the event of bankruptcy, Smolev acknowledges that the Escrow Account Assets are not part of Smolev's estate, nor does the estate have any claim or interest therein.

3. The Escrow Agent and the parties hereto agree that the Escrow Account Assets shall be paid only in accordance with the terms of the Order and the Escrow Agreement. Smolev must pay all costs associated with the creation and funding of the Escrow Account. After the Escrow Account has been created and funded, the costs of operating and administering the Escrow Account shall be paid out of the Escrow Account Assets.

4. The Escrow Agent shall, on a weekly basis, monitor the market value of the Escrow Account Assets. If the average market value of the Escrow Account Assets during any calendar week falls below One Million Four Hundred Thousand Dollars (\$1,400,000), the Escrow Agent shall notify Smolev in writing, by overnight mail, and Smolev, within five (5) business days of receipt of such notice, must deposit additional cash or marketable securities into the Escrow Account to increase the value of the Escrow Account Assets to One Million and Five Hundred Thousand Dollars (\$1,500,000).

5. The Escrow Agent, within thirty (30) days following receipt of a notice that a final judgment/court order has been entered or an FTC order has become final against Smolev for consumer redress or disgorgement in an action brought under the provisions of the FTC Act or the Telemarketing,

Smolev at such time as the Escrow Agent, pursuant to instructions from the FTC, returns the Escrow Account Assets to Smolev.

WITNESS the signatures of the parties, the day and year first above written.

DATE:

IRA SMOLEV

CHARLES I. WEISMAN
Swidler Berlin Shereff Friedman LLP
Counsel for Ira Smolev

DATE:

FEDERAL TRADE COMMISSION

BY:

ELAINE D. KOLISH
Associate Director for Enforcement
Bureau of Consumer Protection