

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into and is effective as of _____, 201_, by and between **HIRECO, INC.**, a California corporation (the "Company"), and **JOHN SMITH**, an individual ("Employee").

RECITAL

The Company desires to employ Employee and Employee desires to be employed by the Company upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. **EMPLOYMENT.** The Company hereby employs Employee and Employee hereby accepts employment with the Company on the terms and conditions set forth herein.

2. **DUTIES.** At all times while Employee is an employee of the Company, Employee shall perform the duties and obligations of the Director of Operations of the Company which will include the direction of the operations of the Company (the "Duties"). Employee shall at all times perform the Duties and other obligations hereunder faithfully, diligently, and to the best of Employee's ability, under the supervision of, and in accordance with lawful policies and directives from time to time established by, the Company's Board of Directors (the "Board") and in compliance with all applicable laws and the Company's Articles of Incorporation and Bylaws, and shall instruct and require all those working with and under him to do the same. Employee's employment hereunder shall be on a full-time basis and, except as permitted by the prior written consent of the Board, Employee shall devote substantially all of his productive time, ability, and attention to the business of the Company during the Term (as defined herein).

3. **COMPENSATION.**

3.1 **Base Salary.** For Employee's performance of the Duties, the Company shall pay Employee an annual salary of _____ Thousand Dollars (\$ _____) (the "Base Salary"). The Base Salary shall be paid in accordance with the Company's normal procedures for paying salaried employees.

3.2 **Starting Bonus.** Upon execution of this Agreement, the Company shall pay to Employee the sum of _____ Thousand Dollars (\$ _____).

3.3 **Stock Option Agreements.**

3.3.1 **Vested Options.** Concurrently with the execution of this Agreement, the Company is granting to Employee fully-vested options to purchase _____ Thousand (_____) shares of the common stock of the Company (the "**Common Stock**") pursuant to a Stock Option Agreement in a form mutually acceptable to Employee and the Company.

3.3.2 **Vesting Options - Sales.** Concurrently with the execution of this Agreement, the Company is granting to Employee options subject to vesting milestones based on the future sales of the Company, including its subsidiaries on a consolidated basis, to purchase up to _____ Thousand (_____) shares of Common Stock pursuant to a Stock Option Agreement in a form mutually acceptable to Employee and the Company.

3.3.3 **Vesting Options - Income.** Concurrently with the execution of this Agreement, the Company is granting to Employee options subject to vesting milestones based on the after-tax profit of the Company, including its subsidiaries on a consolidated basis, to purchase up to _____ Thousand (_____) shares of Common Stock pursuant to a Stock Option Agreement in a form mutually acceptable to Employee and the Company.

3.4 **Taxes.** All amounts paid to Employee hereunder shall be subject to the applicable withholding of social security, federal, state, and other taxes and deductions as required by law.

4. **BENEFITS.**

4.1 **Group Medical, Disability, and Life Insurance Benefits.** During the Term, if any such plans are in effect, Employee shall be eligible to participate in any group medical, disability, and life insurance program as provided generally for officers of the Company. If applicable, the Company shall pay on behalf of Employee and his dependents, the premium due under such group medical plan.

4.2 **Vacation.** Employee shall be entitled to two (2) weeks annual vacation during the Term.

4.3 **Retirement Plans.** During the Term, if any such plans are in effect, Employee shall be included in and able to participate in any retirement, pension, or other deferred or supplemental compensation plans operated by the Company.

4.4 **Stock Options.** In addition to the options granted under the Stock

Option Agreements described in Section 3.3 hereof, during the Term, Employee shall be eligible to participate in any stock option plan instituted by the Company.

5. **BUSINESS EXPENSES AND REIMBURSEMENT.**

5.1 **Business Expenses.** Employee shall be entitled to reimbursement by the Company within ten (10) days following written request for any ordinary and necessary business expenses incurred by Employee in the performance of Employee's duties for and on behalf of the Company during the Term, including, without limitation, the cost of entertainment, travel, lodging and meals. All such written requests shall be deemed accepted and finally approved if the Company does not contest any such request within sixty (60) days following submittal to the Company.

5.2 **Reimbursement.** Employee agrees that, if at any time after Employee's receipt of a business expense reimbursement payment, an appropriate taxing authority makes an Adverse Determination (as defined herein), Employee shall reimburse the Company for the amounts subject to the Adverse Determination. For the purposes of this Section, an "Adverse Determination" means any determination by a taxing authority (not successfully appealed to or overturned by a court) that an expense reimbursed to Employee under Section 5.1 hereof was either not: (i) substantiated as required by Section 274 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder; or (ii) a bona fide business expense of the Company.

6. **CONFIDENTIALITY.** During the Term, Employee will have access to and become acquainted with what Employee and the Company acknowledge are trade secrets and other confidential information which are owned by the Company, including, without limitation, any and all files, computer software, disks, codes and other media, records, documents, specifications, know-how, processes, notes, equipment, and similar items of or related to the Company, its operations, and its business, whether prepared by Employee or otherwise coming into Employee's possession (collectively, the "Information"). Employee shall not disclose the Information, directly or indirectly, or use it in any way, during the Term or thereafter except as required in the course of Employee's employment with the Company.

7. **TERMINATION.**

7.1 **Termination at Will.**

7.1.1 **By the Company.** Subject to Section 7.2 hereof, the Company may terminate this Agreement at any time, for any reason, or for no reason, either with or without cause, by delivering written notice to Employee.

7.1.2 **By Employee.** Subject to Section 7.2 hereof, Employee

may terminate this Agreement at any time, for any reason, or for no reason, either with or without cause, by delivering thirty (30) days' prior written notice to the Company; provided, however, that the Company may reduce such thirty (30)-day period in its sole discretion.

7.2 **Severance Pay.**

7.2.1 **Termination By the Company Without Cause.** If the Company terminates Employee without cause (as defined below), in addition to payment of Employee's Base Salary, accrued vacation and reimbursable expenses through the date of termination, the Company shall continue to pay to Employee the Base Salary until the expiration of the Term. For the purposes of this Section 7.2.1, termination "without cause" shall include termination by the Company for any reason other than if: (a) Employee willfully breaches any material provision of this Agreement or habitually neglects Employee's duties; or (b) Employee is convicted of a felony.

7.2.2 **Voluntary Termination By Employee; Termination for Cause.** If Employee voluntarily terminates Employee's employment with the Company or the Company terminates Employee for cause, Employee shall not be eligible to receive any severance pay as provided in Section 7.2.1 hereof. Upon such termination, Employee shall be paid Employee's Base Salary, accrued vacation and reimbursable expenses payable through the date of the termination of Employee's employment. Termination by Employee shall include the death or Disability (as defined herein) of Employee. For the purposes of this Section, "Disability" shall mean any physical or mental disability which causes Employee to be unable to substantially perform Employee's normal duties as an employee of the Company; provided, however, that Employee shall not be considered disabled until: (i) Employee has been so disabled for ninety (90) days; and (ii) either Employee's attending physician or a physician designated by the Company, shall have furnished to the Company certification that the return of Employee to his duties as an employee of the Company is impossible or improbable.

7.3 **Return of Documents and Nondisclosure.** Upon termination (voluntary or otherwise) of this Agreement, Employee shall immediately deliver to the Company any and all property, computer software, disks and media, files, records and other documents in Employee's possession or under Employee's control belonging to the Company, including all copies of such documents.

8. **TERM.** This Agreement shall commence upon the date hereof and shall terminate two (2) years thereafter (the "Termination Date"), unless sooner terminated as provided herein; provided, however, that this Agreement shall terminate as of the first (1st) anniversary of the date hereof with no further obligations due hereunder to either party hereto if the stock options subject to the Stock Option Agreement referred to in Section 3.3.2 hereof are not fully-vested as of the first (1st) anniversary of date hereof (the "Term").

9. **MISCELLANEOUS PROVISIONS.**

9.1 **Notices.** Except as otherwise provided in this Agreement, all notices, requests, demands, and other communications under this Agreement shall be given in writing and shall be served either personally, by facsimile or delivered by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

If to the Company: Hireco, Inc.
2 Corporate Plaza, Suite A
Anytown, CA 92660
Attention: President
Fax No. (714) 555-5555

If to Employee: Mr. John Smith
906 Main Street
Othertown, CA 92610
FAX No.: (949) 444-4444

Notices shall be deemed received at the earliest of actual receipt, confirmed facsimile or three (3) days following mailing.

9.2 **Entire Agreement.** This Agreement and the documents referred to herein constitute the entire agreement among the parties hereto pertaining to the subject matter contained herein and supersede all prior agreements, representations, and understandings of the parties.

9.3 **Attorneys' Fees.** In the event of any proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses incurred in connection with such proceeding, including, without limitation, court costs and reasonable attorneys' fees, whether or not such proceeding is prosecuted to judgment.

9.4 **Amendments.** This Agreement may not be amended, supplemented, canceled, or discharged except by written instrument executed by the parties hereto.

9.5 **Waivers.** All waivers hereunder shall be in writing. No waiver by any party hereto of any breach or anticipated breach of any provision of this Agreement by any other party shall be deemed a waiver of any other contemporaneous, preceding, or succeeding breach or anticipated breach, whether or not similar, on the part of the same or any other party.

9.6 **Severability.** In the event that any provision of this Agreement

shall be unenforceable or inoperative as a matter of law, the remaining portions or provisions shall remain in full force and effect.

9.7 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, representatives, executors, administrators, successors, and permitted assigns; provided, however, that Employee may not assign any or all of his rights or the Duties except following the prior written consent of the Company.

9.8 **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same Agreement.

9.9 **Section Headings.** The section headings used in this Agreement are inserted for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

9.10 **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of California.

9.11 **Advice of Counsel.** Employee acknowledges that he has been advised to seek independent legal counsel for advice regarding the effect of the terms and provisions hereof, and has either obtained such advice of independent legal counsel, or has voluntarily and without compulsion elected to enter into and be bound by the terms of this Agreement without such advice of independent legal counsel.

9.12 **Arbitration.** In the event of any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration before one (1) arbitrator selected from the list (the "List") of arbitrators supplied by JAMS. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on the Award may be entered in any court having jurisdiction. If the parties hereto after notification of the other party(ies) to such dispute cannot agree upon an arbitrator within thirty (30) days following receipt of the List by all parties to such arbitration, then either party may request, in writing, that JAMS appoint an arbitrator within ten (10) days following receipt of such request (the "Arbitrator"). The arbitration shall take place in Orange County, California, at a place and time mutually agreeable to the parties or if no such agreement is reached within ten (10) days following notice from the Arbitrator, at a place and time determined by the Arbitrator. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be arbitrated exclusively in Orange County, California. The aforementioned choice of venue is intended by the parties to be

mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Agreement in any jurisdiction other than that specified in this Section. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this Section, and stipulates that the Arbitrator shall have in personam jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement. Each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this Section by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices as set forth in this Agreement. The decision of the Arbitrator shall be final and binding on all the parties to the arbitration and may be enforced by a court of competent jurisdiction. In addition to the attorneys' fees as provided herein, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and expenses. The costs and fees of the arbitration shall be paid by the non-prevailing party. The Arbitrator may grant any remedy appropriate including, without limitation, injunctive relief or specific performance. Prior to the appointment of the Arbitrator, any party may seek a temporary restraining order or preliminary injunction from the Orange County Superior Court which shall be effective until a final decision is rendered by the Arbitrator.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Employment Agreement as of the date first above written.

THE COMPANY

HIRECO, INC., a California corporation

By: _____
James Jones, President

EMPLOYEE

John Smith