

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement"), effective as of the date last executed below (the "Effective Date"), is by and between Walter Arnstein, Inc., d/b/a "The Natural Sapphire Company," a New York company ("NSC"), and Prashant Telang, an individual, and Transpacific Software Pvt. Ltd., an Indian company, its owners and associated entities (collectively, "Defendants"). NSC and Defendants are sometimes referred to collectively as the "Parties" and each as a "Party."

WHEREAS, NSC has filed a complaint against Defendants in the United States District Court for the Southern District of New York, in the case captioned *Walter Arnstein, Inc. v. Transpacific Software Pvt. Ltd, et al.*, 11-CV-5079 (the "Suit"), containing allegations regarding activities of the Defendants more precisely stated therein (the "Claims").

WHEREAS, Defendant Telang filed an Answer and counterclaims in the Suit, containing allegations regarding activities of NSC more precisely stated therein.

WHEREAS, the Parties desire to settle all differences, disagreements, and disputes which exist or may exist among them based upon the Claims.

NOW, THEREFORE, in consideration of the promises and undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, without the acknowledgement of guilt or liability by either Party, and intending to be legally bound, agree as follows:

1. Defendants' Acknowledgements and Undertakings

1.1. Defendants acknowledge that all obligations under this agreement apply with equal force to any communications or other undertakings conducted by Defendants anonymously or pseudonymously.

1.2. Defendants, their employees, and their affiliates will immediately cease and desist from any and all direct communication with NSC, its employees, or its customers.

1.3. Defendants, their employees, and their affiliates will immediately cease and desist from any and all public communications regarding NSC. This obligation includes the following specific requirements:

1.3.1. The removal or withdrawal of any public communications, including, but not limited to, Web sites, blog or forum posts, about NSC made before the Effective Date of this Agreement, including those posts specified in Attachment A to this Agreement.

1.3.2. The removal of any mentions of NSC being a client or customer of Defendants from websites controlled by Defendants. Any such references may be replaced with references to "a leading sapphire company."



1.4. Upon receipt of 50% of the payments due Defendants under Section 2 below, Defendants will transfer to NSC the domain name <naturalsapphirecompany.com>. Upon receipt of 80% of the payments due Defendants under Section 2 below, Defendants will transfer to NSC the domain names <thenaturalsapphirecompany.org>, <naturalsapphirecompany.net>, <naturalsapphirecompany.us>, and any other domain names controlled by Defendants that incorporate NSC's "Natural Sapphire Company™" trademark (the "Domain Names"). Pending the transfer of the Domain Names, Defendants agree to redirect them to the <TheNaturalSapphireCompany.com> Web site.

1.5. From and after the Effective Date, Defendants will not disclose any code, data, or other information received from NSC or generated on NSC's behalf ("NSC Information") to any third parties or perform any services that utilize NSC Information, whether for third parties or for Defendants themselves.

1.6. From and after the Effective Date, Defendants will not purchase any additional domain names incorporating the words "Natural Sapphire" or "Natural Sapphire Company" without the prior written approval of the NSC Representative.

1.7. Within 30 days of the Effective Date, Defendants will provide NSC with technical explanations of potential methods of fraudulent click generation in connection with NSC's current and past Google AdWords campaigns.

1.8. Defendants will make reasonable efforts to withdraw any criminal complaints or charges filed with any government or regulatory body against NSC, its officers, or its employees.

1.9. Defendants shall not oppose or hinder NSC's efforts to obtain injunctive relief in the Suit, including ordering Web site owners and Google to remove and de-index defamatory posts and reviews. NSC shall not seek monetary relief.

2. NSC's Acknowledgements and Undertakings

2.1. NSC will cease and desist from any and all direct communication with Defendants, its employees, or its customers.

2.2. From and after the Effective Date, NSC will not pursue the enforcement of any award of monetary damages in the Suit against Defendants. NSC will sign a guarantee, in the form attached as Attachment B, that it will not seek or enforce an award for money damages against Defendants, their affiliates, parent companies, subsidiaries, agents, representatives, officers or directors for any conduct that is the subject of the Suit or this Settlement Agreement.

2.3. From and after the Effective Date, NSC will not employ or initiate any contact with any current or past employees of Defendants'.



2.4. NSC will disable access to the websites at <extortionattempt.com> and <dontoutsource.com>, and remove references to Defendants from its website at <thenaturalsapphirecompany.com>.

2.5. NSC agrees not to register any domain names that contain either of Defendants' names or trademarks, namely "TRANSPACIFIC" and "PRASHANT TELANG."

2.6. Subject to Section 2.6 below, NSC will make payments to Defendants on the following schedule:

2.6.1. \$6,000 upon the Parties' agreement on terms of settlement.

2.6.2. \$5,000 within 30 days of NSC's receipt of a fully-executed copy of the Agreement (the month of such payment referred to herein as the "Effective Month").

2.6.3. \$5,000 by the 5th day of each month for two (2) months following the Effective Month.

2.6.4. \$10,000 by the 5th day of the fourth (4th) month following the Effective Month.

2.6.5. \$5,000 by the 5th day of the fifth (5th) month following the Effective Month;

2.6.6. \$2,000 by the 5th day of each month for eighteen (18) months following the payment from Section 2.5.4 above.

2.7. NSC shall pay its own International bank wire fees of \$40-per-wire transfer.



2.8. Each of NSC's obligations to make payments detailed in Section 2.5 above are expressly conditioned on the following:

2.8.1. No negative reviews are posted online about NSC, other than by verifiable existing or potential customers.

2.8.2. No NSC customer data (including but not limited to customer credit card information) held by any third party is disclosed to any third parties outside of NSC, and any such data in any third party's possession is destroyed.

2.8.3. No anonymous or pseudonymous threatening or harassing emails are sent to NSC, its employees, or its customers.

2.8.4. No obligations of Defendants under this Agreement are breached.

2.9. The payment referenced above shall be paid by wire transfer, in accordance with the following wire transfer instructions:

Bank Name: AXIS BANK LTD. BANDRA WEST BRANCH
Mumbai, India
Swift Code: AXISINBB028
Account Name: Transpacific Software Pvt Ltd
Account #: CA No 028010200015668



2.10. NSC will make reasonable efforts to withdraw, and will cease to cooperate with any criminal complaints or charges filed with any government or regulatory body against Defendants.

3. Entire Agreement. This Agreement constitutes and contains the entire agreement and understanding among the Parties, and supersedes, extinguishes and replaces all prior negotiations, representations, promises, and proposed agreements, whether written or oral, with respect to the subject matter hereof. It is expressly understood and agreed by and between the Parties that all understandings and agreements heretofore had between the Parties on the subject hereof are merged in the aforementioned documents, which alone fully and completely expresses their agreement. The Parties acknowledge that they are not relying upon any statement, representation, promise, or discussion, whether written or oral, not embodied in this Agreement made by another Party.

4. Dispute Resolution. Notwithstanding the communication restrictions of Sections 1.2 and 2.1 above, the Parties agree to communicate regarding any future disputes between the Parties, whether related to this Agreement or not, through the following channels: between Swarupa Telang and Michael Arnstein, or between Prashant Telang and NSC's designated attorney, currently Brett E. Lewis of Lewis & Lin LLC.

5. Amendments. This Agreement may not be amended, modified, altered, or rescinded except upon a written instrument designated as an amendment to this Agreement and executed by the Parties hereto.

6. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the executors, administrators, personal representatives, heirs, successors and assigns of each Party.

7. Confidentiality. This Agreement, its terms and the fact thereof shall be confidential and shall not be disclosed by any Party at any time, other than as required by applicable law or regulation to give effect to the terms of this Agreement, or in an action to enforce its terms. The terms hereof may be disclosed by a Party to its financial representatives and/or consultants, legal representatives and/or consultants, insurance carriers, officers, directors, parent companies, subsidiaries, and affiliates, and to its investors and prospective investors as reasonably necessary (provided the recipients of the disclosure are advised of the confidentiality obligations and agree to honor them), and specifically to parent companies, subsidiaries, and affiliates of a Party or to a third party auditor in connection with the evaluation of the amounts paid hereunder.

8. Non-Disparagement. Each Party agrees that they will not, directly or indirectly, make or publish (orally or in writing) any public statement, any statement that reasonably could be expected to become publicly known or any statement to any employees of the other Party or any individual or entity with whom or with which the other Party has or may have a business relationship, that would libel, slander or disparage (whether or not the disparagement legally constitutes libel or slander) such other Party, its reputation, any of its affiliates or any of their respective past or present officers, directors, employees or agents (or instigate or participate in the making or publishing of any such statement).

9. Mutually Negotiated Agreement. Each Party has cooperated in the drafting and preparation of this Agreement. The Parties acknowledge and agree that none of the terms or provisions of this Agreement shall be construed against any Party on the basis of being the sole drafter of the Agreement.

10. Settlement. This Agreement is entered into solely for purpose of compromise, and each side hereto agrees and acknowledges that the other side has not admitted, and by execution and performance of this Agreement does not admit, any liability or obligation to the other side.

11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document. Facsimile or PDF copies of signatures shall be deemed and accepted as originals.



IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the undersigned Parties.

Walter Arnstein, Inc.

By: _____

Name: _____

Title: _____

Date: _____

Transpacific Software Pvt. Ltd.

By: _____


Name: Prashant Telang

Title: Director

Date: July 5th 2012

Prashant Telang

By: _____


Date: July 5th 2012

ATTACHMENT A

Posts / Accounts to be Deleted

- <https://www.facebook.com/naturalsapphires>
- <https://plus.google.com/114346244658060191008/buzz>
- <https://plus.google.com/113566895405250626510>
- <https://plus.google.com/109856985025259285424>
- <http://twitter.com/#!/buyingsapphire>
- <http://pinterest.com/civetapp/jewelry-web-sites-designs-by-transpacific/>
- <http://SapphireEngagementRings.blogspot.com/>
- <http://naturalsapphirerings.tumblr.com/>
- <http://sapphireengagementrings.blogspot.in/>
- <http://blip.tv/araja-south/the-natural-sapphire-company-credit-card-scam-behind-the-scene-expose-5863390>
- http://digg.com/news/lifestyle/the_natural_sapphire_company_credit_card_scam_behind_the_scene_expose
- http://www.stupidvideos.com/video/science_technology/The_Natural_sapphire_Company_New_York__doctored_images-_behind_the_scene_expose/#390684
- <http://www.myspace.com/video/580205264/the-natural-sapphire-company-behind-the-scene-story/108567395>
- <http://pinterest.com/transpacific/jewelry-web-sites-designs-by-transpacific/>



ATTACHMENT B

GUARANTEE

Walter Arnstein, Inc., d/b/a "The Natural Sapphire Company" ("NSC"), hereby unconditionally guarantees that, upon execution of the attached Settlement Agreement by all Parties, it shall relinquish and cease to pursue any claim for damages that it may have as of the date of the Settlement Agreement, as against Defendants, their agents, employees, officers, directors, corporate parents, affiliates, subsidiaries, successors or assigns, in any court in the United States, India, or the world, for so long as Defendants comply with the terms of the Settlement Agreement. Subject to the above, in the event that the Court in the case captioned *Walter Arnstein, Inc. v. Transpacific Software Pvt. Ltd, et al.*, 11-CV-5079 (the "Suit"), awards any form of damages against either or both of Defendants, NSC hereby promises and guarantees not to enforce any such monetary judgment against Defendants, including awards for compensatory, statutory, and punitive damages, as well as attorney's fees, court costs, and any other type of damages. NSC acknowledges and agrees that any effort to seek or enforce a monetary award against Defendants shall constitute a breach of the Settlement Agreement.

The guarantee set forth herein is not intended by the parties, nor shall it be construed, as in any way limiting or reducing the Defendants' rights to enforce all terms of the Settlement Agreement referenced hereinabove or the time for enforcement thereof. This guarantee is provided in addition to, and not in lieu of, the Defendants' rights on such Agreement.

WALTER ARNSTEIN, INC., d/b/a THE NATURAL SAPPHIRE COMPANY

By: _____

Name: _____

Date: _____