

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

EMI ENTERTAINMENT WORLD INC.,

Plaintiff,

- against -

ESCAPE MEDIA GROUP, INC.,

Defendant.

Index No.
Date filed:**SUMMONS**Plaintiff designates New York
County as the place of trial.

The basis of venue is CPLR §503(a)

The Plaintiff's place of business is 75
Ninth Avenue, New York, NY 10011**To the Above-Named Defendant:**

YOU ARE HEREBY SUMMONED to answer the complaint in this action and to serve a copy of your answer, or, if the complaint is not served with this summons, to serve a notice of appearance, on the plaintiff's attorneys within (20) days after the service of this summons, exclusive of the day of service; or within thirty (30) days after completion of service made in any other manner than by personal delivery within the State. In case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded in the Complaint.

Dated: New York, New York
January 4, 2012

PRYOR CASHMAN LLP

By: Frank P. Scibilia
M. Mona Simonian
7 Times Square
New York, New York 10036
(212) 421-4100
*Attorneys for Plaintiff EMI
Entertainment World, Inc.*

Defendant's Address:

Escape Media Group, Inc.
201 SE 2nd Avenue, Suite 209
Gainesville, Florida 32601

SUPREME COURT OF THE STATE OF NEW YORK
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EMI ENTERTAINMENT WORLD INC.,

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COMPLAINT

Plaintiff EMI Entertainment World Inc. (“Plaintiff” or “EMI”), by its attorneys, Pryor Cashman LLP, for its Complaint against defendant Escape Media Group, Inc. (“Defendant”), alleges as follows:

NATURE OF ACTION

1. This is an action for, inter alia, breach of contract and an accounting. Plaintiff and Defendant entered into an “On-Demand Audio Streaming Agreement” made as of April 24, 2009 (the “License Agreement”) pursuant to which Plaintiff licensed Defendant the right to stream music files embodying musical compositions owned or controlled by Plaintiff in exchange for the payment of royalties to Plaintiff. Those royalties were to be paid by Defendant on a quarterly basis, and were to be accompanied by detailed accounting statements containing the information necessary for Plaintiff to verify the accuracy of the royalty calculation and to pay the writers of the compositions. Despite admittedly exploiting Plaintiff’s works for over two and one-half years, and despite acknowledging that it owes hundreds of thousands of dollars in royalty payments to EMI pursuant to the License Agreement, Defendant has, to date, made not a single royalty payment to EMI, nor provided a single accounting statement. As a result, Plaintiff has given Defendant multiple notices that the License Agreement has been terminated, and has repeatedly demanded that Defendant cease exploiting Plaintiff’s musical works and provide an

accounting and payment of the amounts owed. Defendant has ignored those repeated demands, and has continued to exploit Plaintiff's works without compensation.

THE PARTIES

2. Plaintiff is a Delaware corporation with its principal place of business in New York County in the State of New York.

3. Plaintiff is in the business of music publishing. Plaintiff is one of the affiliated music publishing companies that collectively operate under the trade name "EMI Music Publishing," one of the leading music publishers in the United States and in the world. Plaintiff controls and has the right to license -- including for digital distribution on and via online music services such as the one operated by Defendant -- one of the largest, most valuable, and most popular catalogues of copyrighted musical compositions in the world.

4. Defendant is a Delaware corporation with offices in both Gainesville, Florida and New York City.

5. Defendant owns and operates the on-demand music streaming website and service branded as "Grooveshark," located at www.grooveshark.com (hereinafter, the "Grooveshark Service"). Defendant bills the Grooveshark Service as "the world's largest on-demand and music discovery service." Defendant advertises that the Grooveshark Service provides access to "over 15 million songs," and claims that "Grooveshark is an ecosystem that brings together music fans, bands, music labels, and brands."

JURISDICTION

6. This Court has personal jurisdiction over Defendant pursuant to New York Civil Practice Law and Rules ("CPLR").

7. Defendant transacts business in New York, and contracts to supply goods and services in New York in connection with the matters giving rise to this suit. CPLR § 302(a)(1). Specifically, Defendant entered into the License Agreement in New York. The License Agreement expressly provides:

THIS AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF NEW YORK, AND THE VALIDITY, INTERPRETATION AND LEGAL EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND TO BE PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER NEW YORK LAW). THE NEW YORK COURTS (STATE AND FEDERAL) SHALL HAVE SOLE JURISDICTION OVER ANY CONTROVERSIES REGARDING THIS AGREEMENT; ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN NEW YORK COUNTY AND NOT ELSEWHERE. THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS.

8. Defendant has also entered into contracts and other arrangements with residents of New York which enable New York residents to access music files -- including music files embodying copyrighted works licensed by Plaintiff to Defendant -- technical support, and other services through the Grooveshark Service. In fact, the Grooveshark Service's terms of use state that the relationship between Defendant and its users "shall be governed by the laws of the State of New York without regard to its conflict of law provisions. You and [Defendant] agree to submit to the personal and exclusive jurisdiction of the courts located within the State and County of New York."

9. This Court also has personal jurisdiction over Defendant pursuant to CPLR § 301 in that Defendant, acting alone and in concert, does systematic and continuous business in this judicial district, and Plaintiff does business and is suffering harm in this judicial district.

Defendant is registered to do business in New York and maintains an office at 254 West 31st Street, New York, New York 10001.

AS AND FOR A FIRST CAUSE OF ACTION
(Breach of Contract)

10. Plaintiff entered into the License Agreement with Defendant as of April 24, 2009. A copy of the Agreement is annexed hereto as Exhibit A.

11. By the License Agreement, Plaintiff granted to Defendant the “non-exclusive, non-transferable, royalty-bearing limited right and license” to reproduce Plaintiff’s musical compositions in digital files and to distribute such files as so-called “On-Demand Audio Streams” via the Grooveshark Service. Exhibit A ¶ 2. “On-Demand Audio Streams” are defined in the License Agreement, essentially, as encrypted digital transmissions of music files from Defendant’s server made at the request of and at a time chosen by the end user. Id. ¶ 1(h).

12. The License Agreement provides that, in exchange for such license, Defendant is to pay Plaintiff royalties “[d]uring each calendar quarter beginning on the [April 24, 2009] Effective Date, and for every calendar quarter during the [three-year] Term thereafter (each, a ‘Quarterly Accounting Period’).” Id. ¶ 7(a). The License Agreement further provides that it is “of the essence of this Agreement (and a material obligation hereunder that all royalties payable to [Plaintiff] hereunder be paid to [Plaintiff], and in a timely manner.” Id. ¶ 8(a).

13. The royalties were and are to be payable “at the final, non-appealable rate established for such exploitations by the United States Copyright Royalty Board [the “CRB”] or that results from an industry-wide settlement or agreement, or a separate agreement by the parties hereto (the ‘CRB On-Demand Audio Stream Rate’).” Id. ¶ 7(a)(i). Defendant was to pay royalties at the CRB On-Demand Audio Stream Rate commencing with the first Quarterly

Accounting Period after such rate was first established, both prospectively and retroactively to the first exploitation made during the Term. Id.

14. The CRB established a rate for such On-Demand Audio Streams on or about January 26, 2009. See Federal Register Vol. 74, No. 15 (January 26, 2009); 37 CFR Part 385. That rate became effective, final and non-appealable no later than March 26, 2009. Thus, Defendant was obligated to pay royalties and provide accounting Statements to Plaintiff commencing with the Quarterly Accounting Period ending June 30, 2009.

15. Defendant has transmitted and continues to transmit via the Grooveshark Service On-Demand Audio Streams of music files embodying Plaintiff's musical compositions during the Term of and purportedly under the authority of the License Agreement.

16. Defendant has admitted that it owes Plaintiff royalties for these transmissions pursuant to the Agreement. By one of Defendant's estimates, as of October 2011, the royalties owed are "in the 150,000 [dollar] range." (See e-mail from Marshall Custer, Defendant's VP of Legal Affairs to Michael Abitbol, Plaintiff's VP of Legal and Business Affairs, annexed hereto as Exhibit B.) By another of Defendant's estimates, made verbally by a representative of Defendant to a representative of Plaintiff in or around November 2011, the royalties owed are in excess of \$200,000. On information and belief, the amount of the royalties owed by Defendant to Plaintiff greatly exceeds Defendant's estimates.

17. Despite the unambiguous language of the License Agreement, despite Defendant's acknowledgement that it owes Plaintiff royalties, and despite Plaintiff's repeated demands that Defendant account and pay royalties to Plaintiff for its transmission of On-Demand Streams of Plaintiff's musical works via the Grooveshark Service pursuant to the terms of the License Agreement, Defendant has, to date, paid no royalties to Plaintiff.

18. Defendant's failure to pay royalties constitutes a breach of the License Agreement.

19. Plaintiff provided written notice to Defendant of such breach by e-mail dated October 28 (see Exhibit B), by letter dated December 2, 2011 (annexed hereto as Exhibit C) and again by letter dated December 16, 2011 (annexed hereto as Exhibit D). Defendant failed to cure such breach within the ten (10) day cure period provided for in the Agreement. See Exhibit A ¶ 22(b).

20. As a result of Defendant's breach, Plaintiff has been damaged in an amount no less than the royalties due to Plaintiff under the Agreement, the precise amount to be determined at trial, but which is not less than \$150,000, plus interest.

AS AND FOR A SECOND CAUSE OF ACTION
(Breach of Contract)

21. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 20 above as if more fully set forth herein.

22. The License Agreement requires Defendant to "account to [Plaintiff] in a manner such that [Plaintiff] may pay its writers, including but not limited to providing electronic statements ('Statements') that (i) provide all information necessary for [Plaintiff] to determine how the royalties paid to [Plaintiff] were calculated . . . and (ii) an itemization of the particular [licensed digital music files] distributed to Users as On-Demand Audio Streams, and the number of times each [such file] was transmitted as an On-Demand Audio Stream."

23. Despite repeated demands (see Exhibits C & D), Defendant has, to date, not provided any accounting Statements to Plaintiff.

24. Defendant's failure to provide such Statements constitutes a breach of the License Agreement. As a result of Defendant's breach, Plaintiff has been damaged in an amount to be determined at trial, plus interest.

AS AND FOR A THIRD CAUSE OF ACTION
(Accounting)

25. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 24 above as if more fully set forth herein.

26. Defendant has failed and continues to fail to account and pay royalties to Plaintiff arising out of Defendant's exploitation of the rights licensed by Plaintiff to Defendant pursuant to the License Agreement.

27. Plaintiff has no access to the books, records and computer server data of Defendant and therefore has no means of ascertaining the precise amount of the royalties due and owing to Plaintiff.

28. Upon a fair and accurate accounting by Defendant to Plaintiff, substantial sums of money will be found due and owing to Plaintiff, the precise amount of which is not known to Plaintiff at this time, but which is not less than \$150,000.

29. Plaintiff has no adequate remedy at law.

AS AND FOR A FOURTH CAUSE OF ACTION
(Breach of the Covenant of Good Faith and Fair Dealing)

30. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 29 above as if more fully set forth herein.

31. Under New York law, the covenant of good faith and fair dealing is implied in every contract.

32. As set forth above, by transmitting On Demand Audio Streams embodying Plaintiff's copyrighted works under the authority of the License Agreement without

compensating Plaintiff for such exploitations, despite due demand for such compensation, Defendant has breached the covenant of good faith and fair dealing. Defendants have unfairly frustrated the agreed common purpose of the License Agreement, disappointed Plaintiff's reasonable expectations of Defendant, and thereby deprived Plaintiff of the benefits of its agreement with Defendant.

33. As a result of Defendant's breach of the implied covenant of good faith and fair dealing, Plaintiff has been damaged in an amount no less than the royalties due to Plaintiff under the Agreement, the precise amount to be determined at trial, but which is not less than \$150,000, plus interest.

AS AND FOR A FIFTH CAUSE OF ACTION
(Unjust Enrichment)

34. Plaintiff repeats and realleges each and every allegation set forth in Paragraphs 1 through 33 above as if more fully set forth herein.

35. Defendant has transmitted and continues to transmit On Demand Audio Streams embodying Plaintiff's copyrighted works, even though Plaintiff has properly terminated the License Agreement pursuant to paragraph 22(b) thereof.

36. The agreed upon value for those transmissions is the royalty set forth in the License Agreement.

37. Defendant has not paid Plaintiff for the benefit of Plaintiff's musical composition rights, but have retained the revenues and other benefits received from exploiting those rights.

38. Defendants have been enriched unjustly in an amount no less than the royalties due under the License Agreement, which value is equal to the amount of Plaintiff's loss. Accordingly, Defendants are indebted to Plaintiff, the precise amount to be determined at trial, plus interest.

WHEREFORE, Plaintiff EMI Entertainment World Inc. respectfully prays for judgment as follows:

1. On its First Claim for Relief against Defendant, damages in an amount to be determined at trial, but which is not less than \$150,000, plus interest;
2. On its Second Claim for Relief against Defendant, damages in an amount to be determined at trial, plus interest;
3. On its Third Claim for Relief against Defendant, an order requiring Defendant to account to Plaintiff for all royalties and other monies arising from Defendant's exploitation of the rights licensed by Plaintiff to Defendant pursuant to the License Agreement, including providing all information required for Plaintiff to calculate royalties at the CRB On-Demand Audio Stream Rate;
4. On its Fourth Claim for Relief against Defendants, damages in an amount to be determined at trial, but which is not less than \$150,000, plus interest;
5. On its Fifth Claim for Relief against Defendants, damages in an amount to be determined at trial, plus interest; and
6. An award of such other and further relief as the Court deems just and proper.

Dated: New York, New York
January 4, 2012

PRYOR CASHMAN LLP

By: 

Frank P. Scibilia
M. Mona Simonian
7 Times Square
New York, New York 10036-6569
(212) 421-4100

Attorneys for Plaintiff EMI Entertainment World, Inc.

EXHIBIT A

ON-DEMAND AUDIO STREAMING AGREEMENT

This Agreement ("**Agreement**") is made as of the 24th day of April, 2009 (the "**Effective Date**"), by and between Escape Media Group, Inc., a Delaware corporation with an office at 201 SE 2nd Ave., Suite 209, Gainesville, FL 32601 ("**Licensee**"), and EMI Entertainment World Inc., a Delaware corporation with an office at 75 Ninth Avenue, New York, New York 10011 ("**EMI**").

WHEREAS, Licensee desires to exploit, solely via the Service, On-Demand Audio Streams of Master Recordings, including Master Recordings embodying EMI Compositions (each as defined herein); and

WHEREAS, EMI wishes to grant to Licensee solely during the Term and within the Territory, solely via the Service (as defined herein), and solely in accordance with the terms and conditions set forth in this Agreement, the nonexclusive, non-transferable, royalty-bearing limited right and license to reproduce and distribute On-Demand Audio Streams embodying EMI Compositions.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions.

(a) A "**Composition**" shall mean a copyrighted, non-dramatic musical composition. For the avoidance of doubt, Compositions shall not include sound recordings of musical compositions.

(c) A "**Digital File**" shall mean any single DRM-protected digital copy of a Master Recording, including, without limitation, a Licensed File.

(d) *Intentionally Deleted.*

(e) An "**EMI Composition**" shall mean any United States or United Kingdom Composition (that is, a Composition written by a writer that is a member of a United States or United Kingdom performing rights society) in which the rights which are the subject of this Agreement are owned or controlled by EMI, in whole or in part, solely to the extent of EMI's ownership or control thereof, and subject to any restrictions or limitations thereon imposed pursuant to (i) songwriter agreements; (ii) any applicable license, administration or similar agreements with rightsholders; (iii) agreements with rights societies or any similar collective, agency, affiliation, organization or group that administers rights in Compositions (each, a "**Rights Society**"); or (iv) applicable law. With respect to any such Composition in which the rights that are the subject of this Agreement are owned or controlled by EMI only in part, the term "EMI Composition" shall refer only to that portion of the Composition in which such rights are owned or controlled by EMI. Licensee acknowledges that any Composition listed on the "Restricted Compositions List" annexed hereto as Schedule A, as such Schedule may be updated by EMI throughout the Term (each, a "**Restricted Composition**"), shall not be considered an "EMI Composition" and is not licensed for exploitation via the Service. EMI shall not use the Restricted Compositions List to frustrate the purposes of this

Agreement. Licensee further acknowledges that EMI may, in the normal course of business, or otherwise, lose rights with respect to Compositions, in which event such Compositions may cease to be EMI Compositions hereunder, or incur additional restrictions on Compositions, in which event such Compositions may cease to be EMI Compositions hereunder to the extent of the restriction, and EMI shall have no liability to Licensee or to any other party due to the fact that any particular musical composition(s) are no longer licensed under this Agreement because they are no longer owned by EMI, controlled by EMI, or permitted to be exploited in the manner set forth herein.

(f) A **"Licensed File"** shall mean a Digital File embodying a Relevant Master Recording.

(g) A **"Master Recording"** shall mean an authorized audio-only sound recording that has previously been distributed by a record label or other owner and/or administrator of such sound recording.

(h) An **"On-Demand Audio Stream"** shall mean an encrypted digital transmission of a Digital File of a Master Recording from a server owned or operated by Licensee that allows a User to receive and listen to the particular Master Recording upon request at a time chosen by the User using streaming technology (including, without limitation, via Real Networks' RealAudio or Microsoft's Windows Media Audio formats), through the User's computer, mobile phone, personal digital assistant (PDA) or other consumer electronics device, which transmission is (i) configured such that the transmission will not result in a substantially complete reproduction of such Master Recording other than a copy used solely for caching or buffering and (ii) either contemporaneous or substantially contemporaneous with the play of the Master Recording embodied therein. For clarity, the play of an On-Demand Audio Stream shall require an active connection to the Internet or to the Internet via a wireless telecommunications network simultaneously with the play of such On-Demand Audio Stream.

(i) The **"Service"** shall mean the online On-Demand Audio Streaming service located at www.grooveshark.com (and its subdomains), that is owned, controlled and operated by Licensee in accordance with and subject to the terms herein. The Service shall not, during the Term, be changed or altered in a manner that affects EMI's rights hereunder, including EMI's rights to be paid the royalties described herein.

(j) A **"Relevant Master Recording"** shall mean a Master Recording that embodies an EMI Composition.

(k) A **"User"** shall mean any individual who resides within the Territory and/or accesses the Service in the Territory and who is authorized by Licensee to access On-Demand Audio Streams via the Service solely for personal, non-commercial use. For clarity, all Users must be bound by the terms of service and/or terms of use of Licensee, which terms are displayed on the Service.

2. Grant of Rights. Subject to the terms and conditions of this Agreement, EMI hereby grants to Licensee the nonexclusive, non-transferable, royalty-bearing limited right and license, solely during the Term and solely within the Territory, and solely in accordance with the terms and conditions set forth in this Agreement:

(a) to reproduce EMI Compositions solely for the purpose of accomplishing the distribution of Licensed Files in the manner described in section 2(b) below; and

(b) to distribute Licensed Files as On-Demand Audio Streams via the Service.

3. **Term.** The term of this Agreement shall be three (3) years, commencing on the Effective Date (the "**Term**").

4. **Territory.** With respect to the rights granted herein, the territory is the United States, its territories and possessions (the "**Territory**").

5. **Scope of License/Additional Licensee Covenants.**

(a) The rights granted hereunder shall apply only to EMI Compositions (as defined in section 1(e) above).

(b) EMI may, at any time, send Licensee written notice that one or more Compositions are no longer "EMI Compositions" and/or are otherwise restricted from being exploited via the Service (each, a "**Restricted Composition**"), and are not licensed hereunder, and (i) EMI shall add such Restricted Composition(s) to the Restricted Compositions List (annexed hereto as Schedule A); and (ii) Licensee shall (x) promptly remove from the Service all Master Recordings embodying such Restricted Composition(s), and (y) on a going-forward basis, use commercially reasonable efforts to prevent or discontinue Master Recordings embodying such Restricted Composition(s) from being distributed or otherwise exploited via the Service.

(c) EMI shall also have an immediate right to issue a Take Down Notification (the "**Take Down Right**") with respect to any master recording embodying a Composition owned or controlled in whole or in part by EMI or any of EMI's parent companies, subsidiaries or affiliates that is being distributed on the Service in the following circumstances: (i) violation or breach of the terms of use and/or the end-user license agreement of Licensee and/or this Agreement, (ii) legal risk to EMI, as determined in EMI's reasonable discretion, or (iii) a complaint from a writer, a writer's management, a writer's agent and/or any other party that has relevant contractual or legal rights with respect to the master recording or Composition embodied therein. Promptly following receipt (but no later than three (3) business day) of any Take Down Notification (which may be sent to Licensee via email), the identified material shall be removed from the Service.

(d) Licensee warrants and represents that its terms of use prohibit Users from using EMI Compositions and Relevant Master Recordings in any manner that (i) violates the privacy rights, publicity rights, copyrights, contract rights or any other rights of any person or entity; (ii) involves commercial activities and/or sales without prior written consent from Licensee, such as contests, sweepstakes, barter, advertising, or pyramid schemes; (iii) exploits people in a sexual or violent manner; or (iv) contains nudity, excessive violence, or offensive subject matter or contains a link to an adult website.

6. **Guaranteed Advances.** On a one-time and non-precedential basis, EMI hereby agrees to waive its customary advances for the Term.

7. **Royalties.**

(a) During each calendar quarter beginning on the Effective Date, and for every calendar quarter during the Term thereafter (each, a "**Quarterly Accounting Period**"), Licensee shall pay to EMI the following royalties:

(i) For On-Demand Audio Streams of Relevant Master Recordings made by Licensee in the Territory and during the Term, Licensee shall pay EMI royalties at the final, non-appealable rate established for such exploitations by the United States Copyright Royalty Board or that results from an industry-wide settlement or agreement, or a separate agreement by the parties hereto (the "**CRB On-Demand Audio Stream Rate**"). During the first Quarterly Accounting Period after the CRB On-Demand Audio Stream Rate is first established, Licensee shall pay royalties at the CRB On-Demand Audio Stream Rate for all exploitations of On-Demand Audio Streams of Relevant Master Recordings made by Licensee in the United States from the Effective Date through the conclusion of the preceding Quarterly Accounting Period (and shall continue to pay royalties at the CRB On-Demand Audio Stream Rate for all subsequent Quarterly Accounting Periods during the remainder of the Term). In the event that there is no CRB On-Demand Audio Stream Rate determination made during the Term, Licensee shall pay royalties at the CRB On-Demand Audio Stream Rate for all exploitations of On-Demand Audio Streams of Relevant Master Recordings made by Licensee in the United States during the Term once the CRB On-Demand Audio Stream Rate is established (i.e., even if it is made after the conclusion of the Term). In the event no CRB On-Demand Audio Stream Rate determination is made for a period of three (3) years after the conclusion of the Term, the parties will negotiate in good faith to determine an appropriate rate for exploitations of On-Demand Audio Streams of Relevant Master Recordings made by Licensee in the United States during the Term and, if the parties are unable to reach agreement on such rate, shall submit the issue of the appropriate rate to arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association in New York, New York.

(b) Licensee acknowledges and agrees that it shall not enter into any agreement or arrangement with any third-party (including, without limitation, any advertiser), or enter any agreement or arrangement with or make any sale or offer to any User(s), the intent of which is to artificially or fraudulently minimize or reduce the amounts that would otherwise constitute any other amount paid or payable to EMI hereunder, in return for increasing other amounts that might be paid or payable to Licensee, or other such consideration, or in exchange for any other financial or promotional benefit to Licensee.

(c) It is of the essence of this Agreement that all royalties payable to EMI hereunder be paid to EMI, and in a timely manner.

8. **Accounting/Audit.**

(a) Within thirty (30) days after the end of each applicable Quarterly Accounting Period, Licensee shall pay to EMI all royalties applicable for that period, and shall account to EMI in a manner such that EMI may pay its writers, including but not limited to by providing electronic statements ("Statements") that (i) provide all information necessary for EMI to determine how the royalties paid to EMI were calculated (e.g., if the CRB On-Demand Audio Stream Rate is based on a percentage of gross revenues, the applicable gross revenues shall be provided); and (ii) an itemization of the particular Licensed Files distributed to Users as On-Demand Audio Streams, and the number of times each Licensed File was transmitted as an On-Demand Audio Stream. It is of the essence of this Agreement (and a material obligation hereunder) that all royalties payable to EMI hereunder be paid to EMI, and in a timely manner.

(b) In order to enable EMI to be satisfied that it is being accounted to on an accurate and timely basis (including by verifying that the calculations of royalties paid to EMI for On-Demand Audio Streams embodying Relevant Master Recordings are correct), EMI and/or a Certified Public Accountant designated by EMI who is not then engaged in another audit of Licensee's books and records, shall have the right to audit and examine the books, records and computer servers of Licensee with respect to all exploitations covered by this Agreement, and to make copies and extracts thereof. EMI shall provide written notice reasonably in advance of any audit and may conduct no more than one audit of Licensee in any given calendar year. Licensee shall cooperate with EMI and/or EMI's designated representative to assist EMI and/or such representative in conducting such audit and in understanding and making copies of all such material. EMI acknowledges the confidential nature of the Licensee's books, records and computer servers and systems and agrees neither it, nor its accountant or auditor, shall disclose Confidential Information to any other person, or use any Confidential Information for any purpose other than as contemplated hereby, without the prior written consent of Licensee.

9. Limitations and Reservation of Rights.

(a) This Agreement relates only to EMI Compositions and only to their use as embodied in On-Demand Audio Streams. Notwithstanding anything to the contrary expressly or impliedly contained herein, this Agreement grants Licensee no right to itself create any work or content of any kind (including, without limitation, any audiovisual or derivative work) embodying any Relevant Master Recording and/or EMI Composition in whole or in part, but only to reproduce and distribute the EMI Compositions embodied in On-Demand Audio Streams. For the avoidance of doubt, this Agreement does not grant Licensee any right to "synchronize" Relevant Master Recordings and/or EMI Compositions with any audiovisual material, or create any derivative work based in whole or in part on a Relevant Master Recording and/or EMI Composition.

(b) This Agreement does not authorize or permit any use of any EMI Composition not expressly set forth herein, and no implied licenses are granted herein. EMI reserves all rights not expressly granted to Licensee hereunder. All rights granted hereunder are granted on a non-exclusive basis.

(c) Except as may be specifically provided for herein, this Agreement does not license or in any other way affect any musical composition other than an EMI Composition (and, for the avoidance of doubt, with respect to any Composition that is an EMI Composition only in part, does not license or in any other way affect that portion of

such Composition that is not an EMI Composition), and EMI does not by this Agreement license or agree to license any exploitation of any EMI Composition outside of the Term or Territory.

(d) No right of public performance is granted under this Agreement. For clarity, notwithstanding anything herein, where a performance license is required in order for Licensee to exploit any On-Demand Audio Stream, Licensee shall obtain such license under a separate agreement.

(e) This Agreement grants no right to permit downloads of Relevant Master Recordings or EMI Compositions embodied therein on a permanent basis (including any right to make any permanent digital phonorecord delivery), except to the extent that encrypted caching of Digital Files may be necessary solely for the transmission of On-Demand Audio Streams as authorized hereunder (collectively, "Cached Files").

(f) Without limiting the force and effect of the foregoing, this Agreement does not include the rights to reproduce, distribute, synchronize, use or exploit an EMI Composition in any digital media format not specifically provided herein, in any broadcast or cablecast service, or in any on-line service (whether viewable in real time or downloadable), interactive program, platform, media or storage device other than in On-Demand Audio Streams distributed via the Service.

(g) No right whatsoever is being granted hereunder to use or authorize other persons to use the titles of EMI Compositions, or the names (including any professional names, previously, now or hereafter used), signatures, voices, likenesses, biographical materials and/or any other information concerning, or regarding any of the composers of an EMI Composition, for any purpose whatsoever.

(h) This agreement grants no right to use any EMI Composition in a video game, or to exploit any EMI Composition as a ringtone, ringback tone, or other so-called "telecommunication personalization product."

(i) This Agreement grants no rights or licenses in sound recordings, including any sound recordings embodied in any Relevant Master Recording, and Licensee warrants and represents that it shall obtain any and all rights required from any owners of any Master Recordings.

(j) This Agreement grants no print, display or karaoke rights.

(k) This Agreement grants no right to alter the fundamental character of any EMI Composition.

(l) This Agreement grants no merchandising rights, or rights to use any EMI Composition for a marketing campaign, product tie-in, game or contest, or otherwise to advertise, promote or cross-promote any product or service, including the Service.

(m) No EMI Composition shall be exploited in, on or via the Service along with or in connection with any content the rights to which have not been cleared and/or that infringes upon the rights of EMI or any third-party and/or is libelous, derogatory,

defamatory, scandalous and/or does not comply with the posted guidelines for Users of the Service.

(n) Licensee shall not cause any particular advertisement, sponsorship or other commercial message ("**Advertisement**"): (x) to suggest or imply in any way that EMI or any EMI writer or artist is associated with or endorsing such Advertisement or any other Advertisement, product or service; or (y) to suggest or imply that the Advertisement is part of or integrated into any EMI Composition or Relevant Master Recording (the foregoing, collectively, "**Prohibited Endorsements**"). Any advertisement, sponsorship or commercial message that endorses or promotes one or more of the following shall also be considered a "Prohibited Endorsement": (i) tobacco; (ii) prescription drugs; (iii) feminine hygiene or incontinence products, toilet paper, or diapers; (iv) firearms; (v) political or religious endorsements; and (vi) pornography. In the event that EMI notifies Licensee that a particular Advertisement or category of Advertisement can never appear on the same page as a particular Relevant Master Recording, or category of Relevant Master Recordings (e.g., those embodying the EMI Compositions of a particular writer or artist), Licensee shall ensure that no such Advertisement or Advertisement falling within such category appears on the same page as such Master Recording, or category of Master Recordings, on the Service. Licensee may present advertisements during the User's selection, search or playback of any Relevant Master Recording, provided no such advertisements are selected or played based upon the particular writer, artist, or On-Demand Audio Stream or Relevant Master Recording selected.

(o) Nothing contained in this Agreement shall preclude or inhibit EMI's ability to take any action with respect to the infringement of its rights in any EMI Composition.

(p) For the avoidance of doubt, it is understood and agreed that no rights are granted herein to offer, sell, reproduce, display, transmit, distribute or otherwise exploit any EMI Compositions via the Service in any manner, or embodied in any content, product, or audiovisual work (including in any permanent download, or any physical copy), other than to distribute Master Recordings as On-Demand Audio Streams via the Service (all solely as defined herein), in accordance with the terms herein. All rights not granted to Licensee hereunder are expressly reserved to EMI.

10. **Notices.** Any notices, consent, approval, demand, or other communication to be given to EMI or to Licensee shall be sent to EMI or Licensee, as the case may be, at the address mentioned in this section 9 below, or to such other address as the party may hereafter designate by notice in writing to the other party. All notices, consents, approvals, demands, other communications and payments hereunder shall be hand delivered or sent by certified mail, return receipt requested, as follows:

To EMI: EMI Entertainment World Inc.
75 Ninth Avenue, 4th Floor
New York, New York 10011
Attention: General Counsel Worldwide

With a courtesy copy to: Pryor Cashman LLP
410 Park Avenue

New York, NY 10022-4441
Attention: Frank Scibilia, Esq.

To Licensee: Escape Media Group, Inc.
201 SE 2nd Ave., Suite 209
Gainesville, FL 32601
Attention: CEO

With a courtesy copy to: Roberts Ritholz Levy Sanders Chidekel & Fields
LLP
235 Park Ave. South, 3rd Floor
New York, NY 10003
Attention: David Chidekel, Esq.

Any notice shall be deemed complete three (3) business days after the same (containing whatever information may be required hereunder) is deposited in any mail box properly addressed and sent as aforesaid, except that (a) all materials personally delivered shall be deemed served when actually received by the party to whom addressed, (b) air express materials shall be deemed served on the day of delivery to the air express company, (c) notices of change of address shall be effective only from the date of receipt, and (d) royalty statements may be sent by regular mail without courtesy copy and shall be deemed rendered when actually received by EMI.

11. Confidentiality.

(a) For the purposes of this Agreement, "**Confidential Information**" shall mean the terms of this Agreement and any non-public information, data, usage reports, revenue reports, or other materials provided by one party to the other under or in connection with this Agreement (other than EMI Compositions, metadata, and other information intended for storage and display to Users under this Agreement) and any other information the receiving party ("**Recipient**") should reasonably have understood under the circumstances should be treated as confidential, whether or not the specific designation "confidential" or any similar designation is used, such as usage data, royalty reports, and similar information.

(b) Except with the prior written consent of the disclosing party, neither party shall use or disclose any Confidential Information other than (i) to such party's attorneys, accountants and financial representatives under a duty of confidentiality as may be reasonably necessary in order to receive their professional advice, (ii) to such party's employees and contractors who have a need to know and any disclosure to contractors may only be to contractors who have signed a non-disclosure agreement to protect the confidential information of third parties, (iii) in connection with any legal, governmental or administrative proceeding, provided that prior written notice of such disclosure is furnished to the non-disclosing party in order to afford such non-disclosing party a reasonable opportunity to seek a protective order (it being agreed that if the non-disclosing party is unable to obtain or does not seek a protective order, disclosure of such information in such proceeding may be made without liability), (iv) in the ordinary course of such party's fulfillment of its obligations hereunder (x) to songwriters and (y) with advance notice to the other party, to record labels, (v) solely in the event of a disclosure outside of the ordinary course of business, and with notice to the other party,

to the record labels; and (vi) to employees of EMI, or any entities that own EMI, provided that any such disclosures are for internal purposes only. In addition, nothing in this Agreement shall prohibit or limit either party's use or disclosure of information (i) previously known to it by lawful means without obligation of confidence, (ii) independently developed by or for it without use of or access to the other party's Confidential Information, (iii) acquired by it from a third-party which, to the reasonable knowledge of the receiving party, is not under an obligation of confidence with respect to such information, (iv) which is or becomes publicly available through no breach of this Agreement, or (v) that is required to be disclosed by operation of law, court order or other governmental demand (subject to the notice requirement in subsection (iii) in the first sentence of this section). Notwithstanding the foregoing, neither party shall be in breach of this Agreement for disclosing to any Rights Society that EMI has licensed to Licensee the rights granted in Section 2.

12. Security. Licensee represents, warrants and agrees that (a) it shall use commercially reasonable efforts to prevent the creation or exploitation of any unauthorized copies of any Master Recordings and/or EMI Compositions in any facilities in their control in any form (including but not limited to, copies created by employees or contractors outside the immediate scope of their employment); (b) it shall use commercially reasonable efforts to prevent the creation or exploitation of any unauthorized copies of any Master Recordings and/or EMI Compositions created by third parties via so-called "stream-ripping" software or other similar methods; and (c) all Cached Files shall be encrypted.

13. Ownership. Licensee shall not at any time, directly or indirectly, license, transfer, assign, sell or otherwise dispose of, pledge, mortgage or in any way encumber any EMI Composition or any interest of any kind therein, and/or any right or license granted hereunder, other than as provided herein, and any such purported license, transfer, assignment, sale, disposal, pledge, mortgage or encumbrance shall be void and of no effect.

14. No Partnership. Nothing herein contained shall create any association, partnership, joint venture or relationship of principal and agent between the parties hereto, except as specifically provided for herein; it being understood that the parties hereto are, with respect to each other, independent contractors, and neither party shall have any authority to bind the other or the other's representatives in any way and shall not hold itself out to any person or entity as having authority.

15. Integration. The parties hereto agree that: (i) all understandings and agreements heretofore made between them with respect to the subject matter hereof are merged in this agreement, which fully and completely expresses their agreement with respect to the subject matter hereof and (ii) except as specifically set forth herein, all prior agreements among the parties with respect to such subject matter are superseded by this agreement which integrates all promises, agreements, conditions and understandings among the parties with respect to such subject matter. In addition, each party acknowledges that neither party nor any person acting on behalf of a party (including its agents, its representatives or its attorneys) has made any promise, representation or warranty whatsoever, express or implied, oral or written, not contained herein, and further acknowledges that they have not executed, and have not been induced to execute, this agreement in reliance upon any promise, representation or

warranty. No change, modification, waiver or termination of this agreement shall be binding upon either party unless it is made by an instrument signed by an authorized officer of the party against whom enforcement is sought. A waiver by either party of any provision of this agreement in any instance shall not be deemed a waiver of such provision, or any other provision hereof, as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, or obligation of either party. The captions of the Articles in this agreement are included for convenience only and shall not affect the interpretation of any provision.

16. Governing Law. THIS AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF NEW YORK, AND THE VALIDITY, INTERPRETATION AND LEGAL EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER NEW YORK LAW). THE NEW YORK COURTS (STATE AND FEDERAL) SHALL HAVE SOLE JURISDICTION OF ANY CONTROVERSIES REGARDING THIS AGREEMENT; ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN NEW YORK COUNTY AND NOT ELSEWHERE. THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS.

17. Sophisticated Parties; Independent Counsel. The parties hereto are sophisticated and have had the opportunity to be represented by independent counsel throughout the negotiation and execution of this Agreement. As a consequence, no presumption of any law or rule relating to the interpretation of contracts against the drafter of any particular provision should be applied in this case, and the parties hereby waive their effects.

18. Mutual Press Release. No party hereto shall, without the prior written consent of the other parties, issue any press release or make any other public announcement or statement relating to any terms and conditions of this Agreement or to the negotiation thereof to which such party was privy or of which it was otherwise made aware (e.g., by being copied on correspondence or by being advised by another party to the negotiation). The parties shall mutually approve and issue a joint press release announcing the execution of this agreement, and shall mutually agree on a general description or characterization of the agreement, with which any public statements shall conform and follow in all material respects.

19. Assignment; Change of Control. This Agreement, and the rights, opportunities and obligations created pursuant to this Agreement, are not assignable, delegable, transferable, or sublicensable in any manner, in whole or in part, by Licensee, without the prior written consent of EMI. EMI hereby consents to Licensee's assignment of this Agreement in gross to a parent, subsidiary or other affiliate or successor in connection with a bona fide corporate reorganization of Licensee's assets in the ordinary course of business (i.e., not a merger or acquisition involving an unaffiliated third party), provided, however, that any such assignee is not, and/or is not owned in whole or in part by, a record label, a music publisher, or any other entity that competes directly or indirectly with EMI. In the event EMI consents to such assignment, Licensee shall not be released from their obligations hereunder unless the assignee agrees in writing to be bound by all

of the provisions hereof. EMI may assign or encumber its rights or obligations under this Agreement in whole or in part provided any assignee shall be bound by EMI's obligation hereunder.

20. Warranties & Representations.

(a) Licensee warrants, represents and covenants that: (i) it has the full right and power to enter into and fully perform this Agreement in accordance with its terms; (ii) its execution, delivery and performance of this Agreement will not violate rights granted by such party to any third-party or violate the provisions of any agreement to which it is a party or violate any applicable law or regulation, including those related to personal data protection; (iii) the Service shall comply with any and all applicable federal, state and local laws, rules and regulations (iv) the Service shall not employ any technology or other means that has the effect of concealing, or preventing or impeding the ability of any content owner (or its agent) from discovering, the source of the Master Recording(s) being exploited on or via the Service; and (v) except for the license described in section 2 herein, Licensee has or will obtain all necessary licenses and consents and pay all associated fees, royalties and other amounts due any third parties (e.g., record labels, unions) in connection with Licensee's activities under this Agreement, including, without limitation, any licenses and fees in respect of the public performance of any Compositions that are embodied in any On-Demand Audio Streams or Master Recordings.

(b) EMI warrants, represents and covenants that it has the full right and power to enter into and fully perform this Agreement in accordance with its terms and to grant the rights granted herein.

21. Indemnity.

(a) Licensee agrees to defend, indemnify and hold EMI, its officers, directors and employees, in addition to EMI's parent companies, subsidiaries, associated or affiliated companies, successors and/or assigns (the "EMI Indemnitees") harmless from and against any and all damages, costs, charges, and disbursements, recoveries, judgments, penalties, expenses or losses of whatsoever kind or nature (whether or not finally adjudicated, and including any settlement thereof), including reasonable outside attorneys' fees and costs, that may be obtained against, imposed upon or suffered by the EMI Indemnitees by reason of, arising out of, or in connection with a third-party claim relating to (i) any breach of Licensee's warranties, representations, covenants or obligations set forth herein; and (ii) the Service and/or the operation of Licensee's business.

(b) In the event EMI seeks indemnification pursuant to this section 21 from or against the assertion of a third-party claim, EMI will give prompt notice to Licensee; provided that failure to give prompt notice will not relieve the Licensee of any liability hereunder (except to the extent Licensee has suffered actual material prejudice by such failure). Licensee will have the right to control the defense of the relevant claim, and EMI will cooperate, at Licensee's expense, in such defense. Notwithstanding the previous sentence and without limiting any right of either party hereunder, Licensee will not settle any claim that imposes an obligation or liability on EMI (whether for payment of monies or otherwise) without EMI's consent (which will not be unreasonably withheld or

delayed).

22. Termination.

(a) Licensee understands and agrees that in the case of infringement, irreparable harm may be presumed, and EMI shall be entitled to seek appropriate injunctive relief, in addition to any other remedy that may be available at law or in equity, whether hereunder or otherwise.

(b) To the extent permitted by applicable law, and without limitation, the occurrence of any of the following events shall be considered a material breach of and default under this Agreement: (i) failure to timely pay any amount or other consideration described in section 6 or 7 herein, following written notice and a ten (10) day opportunity to cure; (ii) the material breach of any representation or warranty described in section 20 hereof following written notice and a thirty (30) day opportunity to cure (provided that such breach representation or warranty is capable of being cured); (iii) the exploitation of any musical composition owned or controlled by, or licensed to, EMI in a manner not permitted hereunder; (iv) dissolution of and/or the liquidation of all of the assets of Licensee or the business unit(s) of Licensee responsible for the Service; (v) the filing of a petition in bankruptcy or insolvency or for an arrangement or reorganization by, for or against Licensee, which is not dismissed within 90 days; (vi) the appointment of a receiver or trustee for all or a portion of the assets of Licensee or the business unit(s) of Licensee responsible for the Service, which are not dismissed or removed within 90 days; (vii) Licensee's assignment of assets for the benefit of creditors, which are not returned or reversed within 90 days; or (viii) in the event the Service fails to comply with any applicable federal, state or local laws, rules and/or regulations. Upon the occurrence of any of the events described in this section, without limiting any other remedy that may be available at law or in equity, whether hereunder or otherwise, this Agreement and all license authority pursuant to any licenses issued hereunder shall automatically and immediately terminate without the requirement of any further action by EMI.

22. Authority to Bind. Each party for itself represents and warrants that it is authorized to execute this Agreement, and to do so through the individual signing on its behalf.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

AGREED AND ACCEPTED:

ESCAPE MEDIA GROUP, INC.

By: _____

Name: *Sam Tarantino*

Date: *4/24/09*

EMI ENTERTAINMENT WORLD INC.

By: _____

Name: *Michael Abitbol*

Date: *5/1/09*

SCHEDULE A

RESTRICTED COMPOSITIONS LIST

(This Schedule may be amended by EMI from time-to-time during the Term)

[TO BE ATTACHED]

EXHIBIT B

Scibilia, Frank P.

From: Michael Abitbol [mabitbol@emimusicpub.com]
Sent: Wednesday, December 14, 2011 3:42 PM
To: Scibilia, Frank P.
Subject: FW: Update

From: Michael Abitbol
Sent: Friday, October 28, 2011 5:50 PM
To: 'Marshall Custer'
Subject: RE: Update

Marshall,

This is certainly very disappointing news. While I appreciate the fact that Sam and Sina would like to wait to see the results of the MRI reports, they should be aware that Grooveshark is in material breach of our agreement, and has not cured said breach within the 10-day cure period set forth under the agreement. With respect to the monies you claim are due, we cannot believe that EMIMP is only entitled \$150,000 for 18 months of exploitations--this seems extremely low. Finally, even assuming that the \$150,000 is an accurate number, there is absolutely no way EMIMP will agree to any kind of payment plan for these monies. This is (and has been) very much on management's radar and we have been extremely patient with this process. However, we are not going to wait any longer. I urge you to reconsider our previous offer to pay \$300,000 as an advance against royalties (which, again, can be trued up against actual royalties due). Otherwise, we will be forced to terminate the agreement, and demand removal of all EMIMP compositions from your service.

If you would like to discuss this in more detail, please feel free to call me at 212-492-1243. I will be in the office for another hour.

This email is without prejudice to any of EMI's rights and/or remedies at law and/or at equity, all of which are hereby completely and expressly reserved.

Regards,

Michael

From: Marshall Custer [mailto:marshall@grooveshark.com]
Sent: Friday, October 28, 2011 5:37 PM
To: Michael Abitbol
Subject: Re: Update

Hi Michael,

I'm not being given authorization to release the 300,000. Sam and Sina are very interested in seeing the results of the MRI reports and thus their desire to wait until they see the initial Q3 result.

I can very much appreciate that this is disappointing news. I did seek, and obtained, permission to disclose that the numbers the team was estimating for monies due was in the 150,000 range. I believe that I could convince the team to make a \$150,000 payment on account (with the 150k to be paid over the next couple months according to a set schedule). The silver lining is that MRI is continuing to make progress, with the first reports finishing up tonight (for EMI label).

Marshall

On Oct 28, 2011, at 2:58 PM, Michael Abitbol wrote:

Any word?

From: Michael Abitbol
Sent: Friday, October 28, 2011 11:02 AM
To: 'Marshall Custer'
Subject: RE: Update

OK. Will you please let me know where we stand at some point today?

Thanks.

From: Marshall Custer [mailto:marshall@grooveshark.com]
Sent: Thursday, October 27, 2011 11:55 PM
To: Michael Abitbol
Subject: Re: Update

No, I unfortunately haven't. I'm going to get Sam and our CFO on the phone tomorrow morning so we can get you a response.

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Hi Marshall. Any word back from Sam on this request?

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Sent: Monday, October 24, 2011 10:27 PM
To: Michael Abitbol
Subject: Re: Update

Thanks Michael,
I've passed this along to Sam for a response and will revert to you as soon as I hear back.

WRT to MRI, I'm expecting the first reports to start coming out the 28th.

Marshall

On Oct 24, 2011, at 3:02 PM, Michael Abitbol wrote:

Marshall,

I hope you are doing well. I think that rather than continue to wait for the accounting statements, we would like to ask that GS pay us \$300,000, which GS can true up once the accounting statements are finally rendered to EMI. I think that this is quite a reasonable request, seeing as how no accounting statements were rendered by GS at all under our deal.

Please let me know if this is acceptable, and I can forward you our bank wire information.

Regards,

Michael

From: Marshall Custer [mailto:marshall@grooveshark.com]
Sent: Monday, October 17, 2011 6:47 PM
To: Michael Abitbol
Subject: Re: Update

Yes, they are starting with Q3 for everyone. Then I have a quote from them to start on your reports back to the beginning.

On Oct 17, 2011, at 12:40 PM, Michael Abitbol wrote:

OK. I will also get everything going back to the beginning, correct?

From: Marshall Custer [mailto:marshall@grooveshark.com]
Sent: Monday, October 17, 2011 2:29 PM
To: Michael Abitbol
Subject: Re: Update

MRI finally has our info and they are running the reports. Q3 will be available as soon as they finish running through their system.

Sent via handheld device

From: Michael Abitbol <mabitbol@emimusicpub.com>
Date: Mon, 17 Oct 2011 18:15:15 +0000
To: Marshall Custer <marshall@grooveshark.com>
Subject: Update

Hi Marshall,

Any update on payments and reporting?

-Michael

Michael Abitbol
Vice President Legal & Business Affairs
EMI Music Publishing
75 Ninth Avenue, 4th Floor
New York, NY 10011
p: 212.492.1243
f: 212.506.1438
e: mabitbol@emimusicpub.com
www.emimusicpub.com

EXHIBIT C



Michael Abitbol
Vice President
Legal & Business Affairs

VIA EMAIL & OVERNIGHT COURIER

December 2, 2011

Escape Media Group, Inc.
201 SE 2nd Avenue, Suite 209
Gainesville, Florida 32601
ATTN: Sam Tarrantino, CEO

Re: EMI Music Publishing – Grooveshark Agreement

Dear Mr. Tarrantino:

Reference is hereby made to the agreement dated April 24, 2009 between EMI Entertainment World, Inc. (“EMI”) on the one hand, and Escape Media Group, Inc. (“Licensee”), on the other hand (the “Agreement”). All capitalized terms used herein shall have the same meaning as set forth in the Agreement.

Pursuant to Section 7 of the Agreement, Licensee is required to pay royalties to EMI for each Quarterly Accounting Period during the Term. Licensee breached the Agreement by failing to make any royalty payments whatsoever to EMI. EMI provided Licensee with notice of such breach on several occasions, most recently in writing on October 28, 2011. Pursuant to Section 22(b) of the Agreement, Licensee's failure to cure such breach within ten (10) days of such notice (i.e., by no later than November 7, 2011) constitutes a material breach of and default under the Agreement, resulting in automatic and immediate termination of the Agreement without the requirement of any further action by EMI, and without limiting any other remedy that may be available to EMI at law or in equity. Note also that Licensee has further breached the Agreement by not providing any Statements for any Quarterly Accounting Period, as required by Section 8 of the Agreement.

Accordingly, pursuant to Section 22(b) of the Agreement, the Agreement is now terminated. Please remove all EMI compositions from the Grooveshark service no later than the close of business on December 15, 2011 and please verify such removal to EMI in writing immediately thereafter.

This letter is written without prejudice to EMI's rights and remedies at law or in equity, all of which are hereby expressly reserved.

Sincerely,


Michael S. Abitbol

cc: Marshall Custer, Esq., VP of Legal Affairs (by email)
Sina Simantob (by email)
Frank P. Scibilia, Esq. (by email)

EXHIBIT D



Frank P. Scibilia
Partner

Direct Tel: 212-326-0445
Direct Fax: 212-798-6375
fscibilia@pryorcashman.com

December 16, 2011

VIA E-MAIL AND FEDEX

Escape Media Group, Inc.
201 SE 2nd Avenue, Suite 209
Gainesville, Florida 32601
Attention: Sam Tarantino, CEO

Re: Breach of EMI Agreement

Dear Mr. Tarantino:

Reference is made to the agreement dated April 24, 2009 between EMI Entertainment World, Inc. ("EMI"), on the one hand, and Escape Media Group, Inc. ("Escape"), on the other hand, as amended (the "Agreement").

EMI has, on numerous prior occasions, provided notice to Escape -- including, in writing, by e-mail dated October 28, 2011, and by letter dated December 2, 2011 from Michael Abitbol (to your attention), copies of which are attached -- that Escape has breached the Agreement by failing to make any royalty payments or to provide any accounting Statements to EMI whatsoever.

Escape has ignored these prior notices. It has failed to make any effort to cure its breaches within the cure period provided under the Agreement. And it has ignored EMI's demand, made in the December 2 letter, that Escape remove all EMI compositions from the Grooveshark service by December 15, 2011 and verify such removal in writing,

Escape cannot negotiate a license to use EMI's content in exchange for payment of royalties, choose not to pay those royalties, and continue to use the content regardless. Escape's breach is willful, flagrant, and utterly without legal justification. EMI once again demands immediate payment of all past-due royalties, and a removal of all EMI content from the Grooveshark service. The Agreement was terminated as of November 7, 2011 (ten days from the October 28 notice), and certainly no later than as of December 13, 2011 (ten days from the December 2 notice). Please govern yourselves accordingly.

EMI reserves all of its rights and remedies.

Very truly yours,

Frank P. Scibilia



Escape Media Group, Inc.
December 16, 2011
Page 2

cc: Marshall Custer, Esq., VP of Legal Affairs (by e-mail)
Sina Simantob (by e-mail)
Michael S. Abitbol, Esq. (by e-mail)

Scibilia, Frank P.

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-Michael

Michael Abitbol
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MUSIC PUBLISHING

Michael Abitbol
Vice President
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VIA EMAIL & OVERNIGHT COURIER

December 2, 2011

Escape Media Group, Inc.
201 SE 2nd Avenue, Suite 209
Gainesville, Florida 32601
ATTN: Sam Tarrantino, CEO

Re: EMI Music Publishing – Grooveshark Agreement

Dear Mr. Tarrantino:

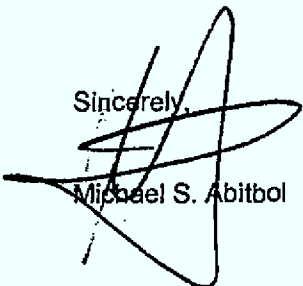
Reference is hereby made to the agreement dated April 24, 2009 between EMI Entertainment World, Inc. (“EMI”) on the one hand, and Escape Media Group, Inc. (“Licensee”), on the other hand (the “Agreement”). All capitalized terms used herein shall have the same meaning as set forth in the Agreement.

Pursuant to Section 7 of the Agreement, Licensee is required to pay royalties to EMI for each Quarterly Accounting Period during the Term. Licensee breached the Agreement by failing to make any royalty payments whatsoever to EMI. EMI provided Licensee with notice of such breach on several occasions, most recently in writing on October 28, 2011. Pursuant to Section 22(b) of the Agreement, Licensee's failure to cure such breach within ten (10) days of such notice (i.e., by no later than November 7, 2011) constitutes a material breach of and default under the Agreement, resulting in automatic and immediate termination of the Agreement without the requirement of any further action by EMI, and without limiting any other remedy that may be available to EMI at law or in equity. Note also that Licensee has further breached the Agreement by not providing any Statements for any Quarterly Accounting Period, as required by Section 8 of the Agreement.

Accordingly, pursuant to Section 22(b) of the Agreement, the Agreement is now terminated. Please remove all EMI compositions from the Grooveshark service no later than the close of business on December 15, 2011 and please verify such removal to EMI in writing immediately thereafter.

This letter is written without prejudice to EMI's rights and remedies at law or in equity, all of which are hereby expressly reserved.

Sincerely,


Michael S. Abitbol

cc: Marshall Custer, Esq., VP of Legal Affairs (by email)
Sina Simantob (by email)
Frank P. Scibilia, Esq. (by email)