

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2009-01-26** | Period of Report: **2009-01-19**  
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FILER

**VIBE RECORDS, INC. NEVADA**

CIK: **1222792** | IRS No.: **710928242** | State of Incorporation: **NV** | Fiscal Year End: **0930**  
Type: **8-K** | Act: **34** | File No.: **000-51107** | Film No.: **09545065**  
SIC: **5990** Retail stores, nec

Mailing Address  
15208 JARRETTSVILLE PIKE  
MENKTON MD 21111

Business Address  
15208 JARRETTSVILLE PIKE  
MENKTON MD 21111  
212-930-9700

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 19, 2009

## VIBE RECORDS, INC. NEVADA

(Exact Name of Registrant as Specified in Charter)

Nevada  
(State of Incorporation)

0-51107  
(Commission File No.)

71-0928242  
(I.R.S. Employer  
Identification Number)

824 Old Country Road, P.O. Box 8  
Westbury, New York, 11590  
\_\_\_\_\_  
(Address of Principal Executive Offices)

(516) 333-2400  
(Registrant's Telephone Number, including area code)

\_\_\_\_\_  
(Former Name or Address, if Changed Since Last Report)

### **Section 3. Securities and Trading Markets.**

#### **Item 3.02 Unregistered Sales of Equity Securities.**

##### Conversion of Outstanding Notes to Common Stock

On January 19, 2009, the board of directors of the Registrant approved the settlement of an aggregate of Forty Five Thousand dollars (\$45,000) of outstanding notes of the Registrant (the "Notes"). The Notes were settled through an agreement by the Registrant and the noteholders to convert the Notes into shares of the Registrant's common stock. Based upon the current assets and capitalization of the Registrant, the conversion price of the shares of common stock to be issued upon conversion of the Notes was set at \$0.01 per share by the Registrant's board of directors. The conversion of the Notes to shares of the Registrant's common stock is at the discretion of the noteholders. However, convertibility of the Notes is subject to certain limitations based on the number of shares of the Registrant's common stock then outstanding.

Upon the eventual full conversion of the Notes to common shares, the approved conversion of the Notes to common stock will result in the issuance by the Registrant of an aggregate of 4,500,000 restricted shares of its common stock to the holders of the Notes. The shares of common stock to be issued in the conversion shall be restricted shares and will be issued in transactions exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(2) of the Securities Act. The shares issued in the conversion are subject to Rule 144 under the Securities Act. However, the Notes have been fully paid and outstanding for a period in excess of six months from the date of their issuance and no additional consideration is payable upon the conversion of the Notes to shares of common stock. Accordingly, the holders of the shares of underlying common stock issued upon conversion of Notes may be entitled to request the removal of any restrictive legends that would be attached to the common shares so issued in accordance with the provisions of Rule 144 under the Securities Act, as amended. No general solicitations were made in connection with the conversion, and, prior to making any conversions, the Registrant had reasonable grounds to believe and believed that the holders of the Notes were capable of evaluating the merits and risks of the investment and were able to bear the economic risk of the investment.

As of January 23, 2009, no shares of the Registrant's common stock have been issued to the Notes' holders pursuant to the terms and conditions described above. The Registrant anticipates that the 4,500,000 shares of common stock authorized for issuance in settlement of the Notes will be issued by the Registrant within the next ninety days.

### **Section 5. Corporate Governance and Management.**

#### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

As of January 26, 2009 (the "Effective Date"), the Registrant entered into an employment agreement with Mr. Timothy Olphie (the "Olphie Employment Agreement") that has an initial term of three (3) years. Under the Olphie Employment Agreement, Mr. Olphie will continue to serve as our President and Chief Executive Officer and a member of our board of directors. Mr. Olphie will receive a base salary of \$75,000 per year, and will be entitled to an annual discretionary bonus. The amount of Mr. Olphie's bonus will be determined by the board of directors of the Registrant, and will be based upon the achievement of certain milestones as determined by the board of directors. Mr. Olphie's employment agreement would be terminated under the terms of that agreement upon the death or disability of Mr. Olphie. If we terminate Mr. Olphie's employment for "Cause" (as defined in the agreement) or if Mr. Olphie terminates his employment voluntarily for any reason before the end of the term, Mr. Olphie will be entitled to receive his base salary through the date his employment terminates, plus any pro-rata bonus owed as of that date. If Mr. Olphie's employment is terminated by us without "Cause" then he will be entitled to receive: (i) base salary through the termination date; (ii) a single sum payment equal to \$75,000; and (iii) reimbursement for the cost of up to the first twelve months of continuing group health plan coverage which Mr. Olphie and his covered dependents receive pursuant to COBRA. On the Effective Date, as compensation for past services to the Registrant, the Registrant granted to Mr. Olphie the right to receive 7,500 shares of the Registrant's Series A Preferred Stock, with such shares being issuable at Mr. Olphie's discretion upon 61 days written notice. The shares of Series A Preferred Stock to be issued to Mr. Olphie shall be restricted shares on issuance and as such any future sales by Mr. Olphie must be pursuant to a then effective registration statement under the Securities Act of 1933, or be pursuant to a valid exemption from such registration.

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The foregoing description of the Olphie Employment Agreement is not intended to be complete and it is qualified in its entirety by the complete text of that agreement, a copy of which is attached as Exhibit 10.1 to this Report.

### Item 5.03 Amendment to Certificate of Incorporation.

On January 19, 2009, the board of directors of the Registrant approved and authorized two series of preferred stock of the Registrant. On or about January 23, 2009, we filed a Certificate of Designation, Preferences and Rights of Series A Convertible Preferred Stock (the "Series A Preferred Stock") and a Certificate of Designation, Preferences and Rights of Series B Convertible Preferred Stock (the "Series B Preferred Stock") (together the "Certificates of Designation") with the Secretary of State of the State of Nevada. Pursuant to the Certificates of Designation, we authorized 200,000 shares of our preferred stock to be designated the Series A Preferred Stock and 200,000 shares of our preferred stock to be designated the Series B Preferred Stock.

#### *Series A Preferred Stock*

The holders of the Series A Preferred Stock may, in their sole discretion, convert each share of Series A Preferred Stock into 4,000 shares of the Registrant's common stock at any time following the date of issuance of the Series A Preferred Stock. Adjustments in the conversion ratio will be made in the event of a stock dividend, stock split, reclassification, reorganization, consolidation or merger in a manner which will provide the preferred holders, upon full conversion into common stock, with the same percentage ownership of the Registrant that existed immediately prior to such action. The Series A Preferred Stock has the same voting rights as our common stock, on an as converted basis, with the Series A preferred holders having one vote for each share of common stock into which their Series A Preferred Stock is convertible. The holders of the Series A Preferred Stock have the right to vote on all matters presented to our common stockholders for a vote. The Series A Preferred Stock has a liquidation preference over our common stock up to the one hundred dollar (\$100) per share issuance price of the Series A Preferred Stock. The Registrant will not pay a dividend on the shares of Series A Preferred Stock.

#### *Series B Preferred Stock*

The holders of the Series B Preferred Stock may, in their sole discretion, convert each share of Series B Preferred Stock into 4,000 shares of the Registrant's common stock at any time following the date of issuance of the Series B Preferred Stock. Adjustments in the conversion ratio will be made in the event of a stock dividend, stock split, reclassification, reorganization, consolidation or merger in a manner which will provide the preferred holders, upon full conversion into common stock, with the same percentage ownership of the Registrant that existed immediately prior to such action. The Series B Preferred Stock does not have voting rights on matters presented to our common stockholders for a vote. The Series B Preferred Stock has a liquidation preference over our common stock up to the one hundred dollar (\$100) per share issuance price of the Series B Preferred Stock and has an equal liquidation right with any shares of our Series A Preferred Stock then outstanding. The Registrant will not pay a dividend on the shares of Series B Preferred Stock.

#### *General*

The foregoing descriptions of the Certificates of Designation are not intended to be complete and are qualified in their entirety by the complete text of those certificates, copies of which are attached as Exhibits 4.1 and 4.2 to this Report.

### Section 9. Financial Statement and Exhibits.

(c) Exhibits.

The following Exhibits are hereby filed as part of this Current Report on Form 8-K:

<u>Exhibit</u>	<u>Description</u>
4.1	Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock of the Registrant.
4.2	Certificate of Designation, Preferences and Rights of the Series B Convertible Preferred Stock of the Registrant.
10.1	Employment Agreement by and between Mr. Tim Olphie and Vibe Records, Inc. Nevada, dated as of January 26, 2009.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Vibe Records, Inc. Nevada has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: January 26, 2009

**VIBE RECORDS, INC. NEVADA**

By: /s/ Timothy Olphie

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Timothy Olphie  
CEO and President

## EXHIBIT INDEX

The following Exhibits are filed herewith:

<u>Exhibit</u>	<u>Description</u>
4.1	Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock of the Registrant.
4.2	Certificate of Designation, Preferences and Rights of the Series B Convertible Preferred Stock of the Registrant.
10.1	Employment Agreement by and between Mr. Tim Olphie and Vibe Records, Inc. Nevada, dated as of January 26, 2009.

**CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS  
OF SERIES A CONVERTIBLE PREFERRED STOCK  
OF  
VIBE RECORDS, INC. NEVADA**

**VIBE RECORDS, INC. NEVADA** (the “Company”), a corporation organized and existing under and by virtue of the Revised Statutes of the State of Nevada (the “NRS”), in accordance with Section 78.1955 of the NRS, **DOES HEREBY CERTIFY** that:

The Certificate of Incorporation of the Company provides that the Company is authorized to issue 50,000,000 shares of preferred stock with a par value of \$.001 per share. The Articles of Incorporation provides, further, that the Board of Directors is authorized, to the extent permitted by law, to provide for the issuance of the shares of preferred stock in series, and by filing a certificate pursuant to the NRS, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights and the qualifications, limitations or restrictions thereof. Pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation and the NRS, the Board of Directors, by Unanimous Written Consent dated January 19, 2009, adopted a resolution providing for the designation, rights, powers and preferences and the qualifications, limitations and restrictions of 200,000 shares of Series A Convertible Preferred Stock, and that a copy of such resolution is as follows:

**“RESOLVED**, that pursuant to the authority vested in the Board of Directors of the Company, the provisions of its Articles of Incorporation, as amended, and in accordance with the NRS the Board of Directors hereby authorizes the filing of a Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Vibe Records, Inc. Nevada. Accordingly, the Company’s Series A Convertible Preferred Stock with par value of \$.001 per share, shall have the powers, preferences and rights and the qualifications, limitations and restrictions thereof, as follows:

1. Designation and Number of Shares. Shares of the series shall be designated and known as the Series A Convertible Preferred Stock of the Company. The Series A Convertible Preferred Stock shall consist of 200,000 shares. Shares of the Series A Convertible Preferred Stock which are retired, converted into shares of Common Stock, purchased or otherwise acquired by the Company shall be cancelled and shall revert to authorized but un-issued preferred stock, undesignated as to series and subject to re-issuance by the Company as shares of preferred stock of any one or more series.

2. Conversion of Shares of Series A Convertible Preferred Stock.

2.1 Conversion. The holder of the Series A Convertible Preferred Stock may, in their sole discretion, convert each share of Series A Convertible Preferred Stock into 4,000 shares of the Company’s Common Stock at any time following the date of issuance of the Series A Convertible Preferred Stock. The shares of Common Stock received by the Series A Shareholder upon conversion of the Series A Convertible Preferred Stock shall be called the “Conversion Shares”. The Conversion Shares shall be fully paid and non-assessable. To convert the shares of Series A Convertible Preferred Stock the Series A Shareholder must give written notice to the Company that the Series A Shareholder elects to convert his or her shares of Series A Convertible Preferred Stock into Common Stock and by surrender of all the certificates for the shares of Series A Convertible Preferred Stock to be converted to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to the holders of the Series A Convertible Preferred Stock) at any time during its usual business hours on the date set forth in such notice, together with a statement of the name or names (with addresses and social security numbers) in which the certificates for shares of Conversion Shares shall be issued.

2.2 Issuance of Certificates: Time Conversion Effected. Promptly after the receipt of the written notice referred to in subparagraph 2.1, and surrender of the certificates for the shares of Series A Convertible Preferred Stock to be converted, the Company shall issue and deliver, or cause to be issued and delivered, to the Series A Shareholder, in such name or names as the Series A Shareholder may direct, certificates to each such Series A Shareholder for the number of shares of Conversion Shares issuable upon the conversion of such shares of Series A Convertible Preferred Stock. To the extent permitted by law, such conversion shall be deemed to have been effected as of the close of business on the date on which such written notice shall have been received by the Company. At such time the rights of the holders of such shares of Series A Convertible Preferred Stock to be converted shall cease, and the person or persons in whose name or names the certificates for Conversion Shares shall be issuable upon such conversion shall be deemed to have become holders of record of the common shares represented thereby.

3. Liquidation.

3.1 Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the shares of Series A Convertible Preferred Stock shall be pari passu in rights with the holders of the Company's outstanding preferred stock and senior in rights to the holders of the Company's Common Stock and shall be entitled to be paid a maximum amount equal to one-hundred dollars (\$100.00) per share of Series A Convertible Preferred Stock. Such amount payable with respect to one share of Series A Convertible Preferred Stock, as the case may be, being sometimes referred to as the "Liquidation Payment" and with respect to all shares of Series A Convertible Preferred Stock being sometimes referred to as the "Liquidation Payments".

3.2 If upon such liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets to be distributed among the holders of Series A Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series A Convertible Preferred Stock and the Company's other preferred stockholders of the full Liquidation Payments, then the entire assets of the Company to be so distributed shall be distributed ratably among the holders of Series A Convertible Preferred Stock and the holders of the Company's preferred stock.

3.3 Upon any such liquidation, dissolution or winding up of the Company, after the holders of Series A Convertible Preferred Stock and other preferred stockholders shall have been paid in full the amounts to which they shall be entitled as set forth in subparagraph 3.1 above, the remaining net assets of the Company shall be distributed to the holders of Common Stock in proportion to the shares of Common Stock then held by them.

3.4 The consolidation or merger of the Company into or with any other entity or entities which results in the exchange of outstanding shares of the Company for securities or other consideration issued or paid or caused to be issued or paid by any such entity or affiliate thereof, and the sale or transfer by the Company of all or substantially all its assets, shall be deemed to be a liquidation, dissolution or winding up of the Company within the meaning of the provisions of this paragraph 3, with the result that, unless previously converted into shares of Common Stock, the outstanding shares of Series A Convertible Preferred Stock shall automatically convert into Conversion Shares under the provisions of Section 2 above.

4. Adjustments to the Conversion Ratio. In case the Company shall at any time subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Conversion provision in effect immediately prior to such subdivision shall be proportionately increased. Conversely, in case the outstanding shares of Common Stock shall be combined into a smaller number of shares (by reverse split or otherwise), the Conversion provision in effect immediately prior to such combination shall be proportionately reduced so long as these share have not been converted into Common Stock.

5. Voting Rights. Each holder of outstanding shares of Series A Convertible Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Convertible Preferred Stock held by such holder are then convertible, with respect to any and all matters presented to the common stockholders of the Company for their action or consideration. Except as provided by law holders of Series A Convertible Preferred Stock shall vote together with the holders of the Company's Common Stock as a single class on any actions to be taken by the common stockholders of this Company.

6. Stock to be Reserved. The Company will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issuance upon the conversion of Series A Convertible Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series A Convertible Preferred Stock.

7. Amendments. No provision of these terms of the Series A Convertible Preferred Stock may be amended, modified or waived as to such Series without the written consent or affirmative vote of the holders of at least fifty-one percent (51%) of the then outstanding shares of Series A Convertible Preferred Stock.”

**IN WITNESS WHEREOF**, this Certificate of Designations have been duly adopted by the Board of Directors of this Company and have been duly executed as the act and deed of this Company by its President thereunto duly authorized this 20th day of January, 2009.

VIBE RECORDS, INC. NEVADA

By: /s/Tim Olphie

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Tim Olphie  
President and CEO

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**CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS  
OF SERIES B CONVERTIBLE PREFERRED STOCK  
OF  
VIBE RECORDS, INC. NEVADA**

**VIBE RECORDS, INC. NEVADA** (the "Company"), a corporation organized and existing under and by virtue of the Revised Statutes of the State of Nevada (the "NRS"), in accordance with Section 78.1955 of the NRS, **DOES HEREBY CERTIFY** that:

The Certificate of Incorporation of the Company provides that the Company is authorized to issue 50,000,000 shares of preferred stock with a par value of \$.001 per share. The Articles of Incorporation provides, further, that the Board of Directors is authorized, to the extent permitted by law, to provide for the issuance of the shares of preferred stock in series, and by filing a certificate pursuant to the NRS, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights and the qualifications, limitations or restrictions thereof. Pursuant to the authority conferred upon the Board of Directors by the Articles of Incorporation and the NRS, the Board of Directors, by Unanimous Written Consent dated January 19, 2009, adopted a resolution providing for the designation, rights, powers and preferences and the qualifications, limitations and restrictions of 200,000 shares of Series B Convertible Preferred Stock, and that a copy of such resolution is as follows:

**"RESOLVED**, that pursuant to the authority vested in the Board of Directors of the Company, the provisions of its Articles of Incorporation, as amended, and in accordance with the NRS the Board of Directors hereby authorizes the filing of a Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock of Vibe Records, Inc. Nevada. Accordingly, the Company's Series B Convertible Preferred Stock with par value of \$0.001 per share, shall have the powers, preferences and rights and the qualifications, limitations and restrictions thereof, as follows:

1. Designation and Number of Shares. Shares of the series shall be designated and known as the Series B Convertible Preferred Stock of the Company. The Series B Convertible Preferred Stock shall consist of 200,000 shares. Shares of the Series B Convertible Preferred Stock which are retired, converted into shares of Common Stock, purchased or otherwise acquired by the Company shall be cancelled and shall revert to authorized but un-issued preferred stock, undesignated as to Series and subject to re-issuance by the Company as shares of preferred stock of any one or more series.

2. Conversion of Shares of Series B Convertible Preferred Stock.

2.1 Conversion. The holder of the Series B Convertible Preferred Stock may, in their sole discretion, convert each share of Series B Convertible Preferred Stock into 4,000 shares of the Company's Common Stock at any time following the date of issuance of the Series B Convertible Preferred Stock. The shares of Common Stock received by the Series B Shareholder upon conversion of the Series B Convertible Preferred Stock shall be called the "Conversion Shares". The Conversion Shares shall be fully paid and non-assessable. To convert the shares of Series B Convertible Preferred Stock the Series B Shareholder must give written notice to the Company that the Series B Shareholder elects to convert his or her shares of Series B Convertible Preferred Stock into Common Stock and by surrender of all the certificates for the shares of Series B Convertible Preferred Stock to be converted to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to the holders of the Series B Convertible Preferred Stock) at any time during its usual business hours on the date set forth in such notice, together with a statement of the name or names (with addresses and social security numbers) in which the certificates for shares of Conversion Shares shall be issued.

2.2 Issuance of Certificates: Time Conversion Effected. Promptly after the receipt of the written notice referred to in subparagraph 2.1, and surrender of the certificates for the shares of Series B Convertible Preferred Stock to be converted, the Company shall issue and deliver, or cause to be issued and delivered, to the Series B Shareholder, in such name or names as the Series B Shareholder may direct, certificates to each such Series B Shareholder for the number of shares of Conversion Shares issuable upon the conversion of such shares of Series B Convertible Preferred Stock. To the extent permitted by law, such conversion shall be deemed to have been effected as of the close of business on the date on which such written notice shall have been received by the Company. At such time the rights of the holders of such shares of Series B Convertible Preferred Stock to be converted shall cease, and the person or persons in whose name or names the certificates for Conversion Shares shall be issuable upon such conversion shall be deemed to have become holders of record of the common shares represented thereby.

3. Liquidation.

3.1 Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the shares of Series B Convertible Preferred Stock shall be pari passu in rights with the holders of the Company's outstanding preferred stock and senior in rights to the holders of the Company's Common Stock and shall be entitled to be paid a maximum amount equal to one hundred dollars (\$100.00) per share of Series B Convertible Preferred Stock. Such amount payable with respect to one share of Series B Convertible Preferred Stock, as the case may be, being sometimes referred to as the "Liquidation Payment" and with respect to all shares of Series B Convertible Preferred Stock being sometimes referred to as the "Liquidation Payments".

3.2 If upon such liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets to be distributed among the holders of Series B Convertible Preferred Stock shall be insufficient to permit payment to the holders of Series B Convertible Preferred Stock and the Company's other preferred stockholders of the full Liquidation Payments, then the entire assets of the Company to be so distributed shall be distributed ratably among the holders of Series B Convertible Preferred Stock and the holders of the Company's preferred stock.

3.3 Upon any such liquidation, dissolution or winding up of the Company, after the holders of Series B Convertible Preferred Stock and other preferred stockholders shall have been paid in full the amounts to which they shall be entitled as set forth in subparagraph 3.1 above, the remaining net assets of the Company shall be distributed to the holders of Common Stock in proportion to the shares of Common Stock then held by them.

3.4 The consolidation or merger of the Company into or with any other entity or entities which results in the exchange of outstanding shares of the Company for securities or other consideration issued or paid or caused to be issued or paid by any such entity or affiliate thereof, and the sale or transfer by the Company of all or substantially all its assets, shall be deemed to be a liquidation, dissolution or winding up of the Company within the meaning of the provisions of this paragraph 3, with the result that, unless previously converted into shares of Common Stock, the outstanding shares of Series B Convertible Preferred Stock shall automatically convert into Conversion Shares under the provisions of Section 2 above.

4. Adjustments to the Conversion Ratio. In case the Company shall at any time subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Conversion provision in effect immediately prior to such subdivision shall be proportionately increased, conversely, in case the outstanding shares of Common Stock shall be combined into a smaller number of shares (by reverse split or otherwise), the Conversion provision in effect immediately prior to such combination shall be proportionately reduced so long as the Preferred Shares have not been converted to Common Shares.

5. Voting Rights. Holders of outstanding shares of Series B Convertible Preferred Stock shall not be entitled to vote with respect to any and all matters presented to the common stockholders of the Company for their action or consideration until such time as the Series B Convertible Preferred Stock is converted to Common Stock.

6. Stock to be Reserved. The Company will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issuance upon the conversion of Series B Convertible Preferred Stock as herein provided, such number of shares of Common Stock as shall then be issuable upon the conversion of all outstanding shares of Series B Convertible Preferred Stock.

7. Amendments. No provision of these terms of the Series B Convertible Preferred Stock may be amended, modified or waived as to such Series without the written consent or affirmative vote of the holders of at least fifty-one percent (51%) of the then outstanding shares of Series B Convertible Preferred Stock.”

**IN WITNESS WHEREOF**, this Certificate of Designations have been duly adopted by the Board of Directors of this Company and have been duly executed as the act and deed of this Company by its President thereunto duly authorized this 19th day of January, 2009.

VIBE RECORDS, INC. NEVADA

By: /s/Tim Olphie

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Tim Olphie  
President and CEO

## EMPLOYMENT AGREEMENT

**EMPLOYMENT AGREEMENT** made as of the 26<sup>th</sup> day of January, 2009, by and between **VIBE RECORDS, INC.**, a Nevada corporation, with principal offices in Westbury, New York (the "Company"), and **TIMOTHY J. OLPHIE.**, a resident of the State of New York ("Executive").

**1. Employment.** The Company hereby agrees to employ Executive, and Executive hereby accepts such employment, upon the terms and conditions set forth in this Agreement.

**2. Term.** The term of Executive's employment under this Agreement shall commence on the January 26<sup>th</sup>, 2009, ("Effective Date") and shall terminate on the third anniversary of the Effective Date (the "Termination Date"); provided that, the term of this Agreement will automatically renew for successive one-year periods thereafter (in which case the Termination Date shall be extended accordingly), unless, at least thirty days prior to the applicable Termination Date, either party gives the other written notice of non-renewal.

**3. Position and Duties.** Executive will serve as the President and Chief Executive Officer of the Company. Executive shall be elected or appointed a member of the Company's Board of Directors ("Board") as of the Effective Time, and from and after the Effective Time until the expiration of the Term, the Company shall nominate the Executive for appointment or election as a member of the Board and shall use commercially reasonable efforts to cause the Executive to be appointed or elected a member of the Board. Executive will report directly to the Board. Except as otherwise specifically provided herein, the duties which may be assigned to Executive will be the usual and customary duties of the offices of president and chief executive officer and will be consistent with the provisions of the Company's Articles or Certificate of Incorporation, By-laws and applicable law. At the request of the Board, Executive will serve as an officer or director of the Company's subsidiaries and other affiliates without additional compensation. Executive will devote all of his business time and attention to the performance of his obligations, duties and responsibilities under this Agreement. Executive may engage in personal, charitable, and passive investment activities to the extent such activities do not conflict or interfere with his obligations to, or his ability to perform the duties and responsibilities of his employment by, the Company hereunder, as determined by the Board in its discretion.

**4. Annual Compensation.**

(a) Base Salary. The Company will pay salary to Executive at an annual rate of \$75,000, in accordance with its regular payroll practices. The Board will review Executive's salary at least annually. The Board, acting in its discretion, may increase (but may not decrease) the annual rate of Executive's salary in effect at any time.

(b) Bonus. For each fiscal year of the Company during the Term, Executive will have an opportunity to earn a performance bonus determined in the sole discretion of the Board based upon such criteria as it deems appropriate. The Company as soon as practicable after the beginning of each year, the Board will communicate performance criteria that it may take into account, in whole or in part, for determining bonuses for that year. Annual incentive compensation, if any, will be determined by the Board, in its sole discretion, and paid as soon as practicable after the end of the year.

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## **5. Additional Compensation.**

(a) Grant of Series A Shares. On the Effective Date, as additional consideration for past services to the Company, the Company hereby grants to Mr. Olphie the irrevocable right to be issued, upon (61) days written notice, a total of 7,500 shares of Series A Preferred Stock of the Company. The power to direct the issuance of such shares of Series A Preferred shall be at Mr. Olphie's sole discretion, subject to the (61) day waiting period.

## **6. Employee Benefit Programs and Perquisites.**

(a) General. Executive will be entitled to participate in such qualified and nonqualified employee pension plans, group health, long term disability and group life insurance plans, and any other welfare and fringe benefit plans, arrangements, programs and perquisites sponsored or maintained by the Company from time to time for the benefit of its employees generally or its senior executives generally.

(b) Reimbursement of Business Expenses. Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement and the Company will promptly reimburse him for all expenses that are so incurred upon presentation of appropriate vouchers or receipts, subject to the Company's expense reimbursement policies applicable to senior executive officers generally.

(c) Automobile-Related Expenses. During the term of this Agreement, the Company will provide Executive with the use of an automobile of Executive's choice. The Company will cover the reasonable "drive-off" costs, monthly lease payments of up to \$1,000 per month, registration fees, fuel, maintenance and insurance costs of such automobile. Executive will have the option to purchase the automobile at the end of the lease term per the purchase provision within the lease contract.

(d) Location of Employment. Executive's place of employment during the Term will be at the principal office of the Company, which is presently in the Long Island, NY metropolitan area, subject to the need for business travel in connection with Company business.

## **7. Termination of Employment.**

(a) Death. If Executive's employment with the Company terminates before the end of the then current Term by reason of his death, then (1) as soon as practicable thereafter, the Company will pay to his estate an amount equal to his "Accrued Compensation" (defined below) through the date of death, and (2) the Company will pay or reimburse Executive's spouse and covered dependents for the cost of the first six months of continuing group health plan coverage which they receive pursuant to COBRA. For the purposes of this Agreement, the term "Accrued Compensation" means, as of any date, the amount of any unpaid salary earned by Executive through that date, plus any additional amounts and/or benefits payable to or in respect of Executive under and in accordance with the provisions of any employee plan, program or arrangement under which Executive is covered. In the event of Executive's death, Executive's estate shall have the power to direct the issuance of the Additional Consideration shares as detailed in Section 5 of this agreement.

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(b) Disability. Company agrees to assist Executive in meeting the contingency of disability. The Company deems it to be in its best interest to establish a sick pay or disability plan to provide Executive's salary continuation or sick pay benefits in the event of absence from work due to accident, injury, or sickness by way of paying the premium of an insurance policy, which will pay Executive no less than Executive's then-base salary per month for the duration of the remaining portion of the Term of this Agreement. If the Company terminates Executive's employment by reason of Executive's "Disability" (defined below), then (1) as soon as practicable thereafter, Executive will be entitled to receive his Accrued Compensation through the date his employment terminates, and (2) the Company will pay or reimburse Executive for the cost of the first twelve months of continuing group health plan coverage which he and his covered dependents receive pursuant to COBRA. For purposes of this Agreement, the term "Disability" means the inability of Executive to substantially perform the customary duties and responsibilities of his employment by the Company for a period of at least 120 consecutive days by reason of a physical or mental illness or incapacity which is expected to result in death or last indefinitely.

(c) Termination by the Company for Cause or Voluntary Termination by Executive. If the Company terminates Executive's employment for "Cause" (defined below) or if Executive terminates his employment voluntarily for any reason before the end of the then-current Term, Executive will be entitled to receive: (1) his Base Salary through the date his employment terminates, (2) his pro rata bonus and (3) the immediate issuance of the Additional Consideration shares which are issuable under Section 5 of this Agreement but which remain unissued at the time of the Executives termination by the Company with cause. For purposes of this Agreement, the Company may terminate Executive's employment for "Cause" if: (1) Executive is engaged in misconduct which is materially injurious to the Company or its affiliates; (2) perpetration by Executive of an intentional and knowing fraud against or affecting the Company or any customer, client, agent or employee of the Company or any of its affiliates; or (3) Executive's commission of a felony or a crime involving fraud, dishonesty or moral turpitude. In order for Executive to terminate his employment voluntarily Executive must provide sixty (60) calendar days written notice to the Company of such termination pursuant to Section 18 hereof.

(d) Termination by the Company Without Cause. If Executive's employment is terminated by the Company without "Cause" then Executive will be entitled to receive (1) his Base Salary through the termination date; (2) his pro rata bonus; (3) a single sum payment equal to \$75,000; (4) reimbursement for the cost of up to 12 months of continuing group health plan coverage which Executive and his covered dependents receive pursuant to COBRA, and (5) the immediate issuance of the Additional Consideration shares which are issuable under Section 5 of this Agreement but which remain unissued at the time of the Executives termination by the Company without cause.

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## 8. Restrictive Covenants.

(a) Nondisclosure of Confidential Information. Executive acknowledges that, during the course of his employment hereunder, he will have access to confidential and proprietary information, documents and other materials relating to the Company and its affiliates which are not generally known to persons outside the Company or its affiliates (whether conceived or developed by Executive or others) and confidential information, documents and other materials entrusted to the Company or its affiliates by third parties, including, without limitation, financial information, trade secrets, techniques, know-how, marketing and other business plans, data, strategies and forecasts, and the substance of arrangements and agreements with customers, suppliers and others (collectively, "Confidential Information"). Any Confidential Information conceived or developed by Executive during the period of his employment will be the exclusive property of the Company. Except as specifically authorized by the Company, Executive will not (during or after his employment hereunder) disclose Confidential Information to any third person, firm or entity or use Confidential Information for his own purposes or for the benefit of any third person, firm or entity other than (1) as may be legally required in response to any summons, order or subpoena issued by a court or governmental agency, or (2) Confidential Information which is or becomes available to the general public through no act or failure to act by Executive.

(b) Non-Competition. During Executive's employment by the Company hereunder and during a period of three (3) years following the date of termination of his employment with the Company, the Executive will not, directly or indirectly, whether as an owner, partner, shareholder, consultant, agent, employee, co-venturer or otherwise, or through any other "person" (which, for purposes of this subsection, shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof), compete in any state or territory of the United States or any geographic area outside of the United States with the Company in any business involving products similar in nature to those designed, manufactured or sold by the Company

(c) Non-Solicitation. During Executive's employment by the Company hereunder and during a period of two (2) years following the date of termination of his employment with the Company, Executive will not, directly or indirectly, whether as an owner, partner, shareholder, consultant, agent, employee, co-venturer or otherwise, or through any other "person" (which, for purposes of this subsection, shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof), (1) hire or attempt to hire any employee of the Company or any affiliate of the Company or any person who was an employee of the Company or any affiliate of the Company at any time during the twelve months immediately prior to the termination of Executive's employment with the Company, assist in such hiring by any other person, encourage any such employee to terminate his relationship with the Company or any affiliate of the Company; (2) directly or indirectly, request or cause customers, suppliers or other parties with whom the Company or any of its affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its affiliates; and (3) solicit from a customer of the Company or its affiliates any business which is competing with or related to the business of the Company or its affiliates, or with the products or services of the Company or its affiliates.

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(d) No Other Remuneration; No Disparagement. Executive covenants and agrees that during his employment by the Company he will not directly or indirectly receive any remuneration from the Company or anyone connected with the Company except as provided pursuant to the terms of this Agreement or otherwise approved by the Board of Directors in writing. Executive further covenants and agrees that at no time during or after his employment by the Company will the Executive disparage the Company or any of its Affiliates, shareholders, directors, officers, employees, or agents.

(e) Reasonableness of Restrictive Covenants. Executive acknowledges that the covenants contained in the preceding subsections of this Section 8 are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information and in its relationships with its employees, customers and suppliers. Executive further acknowledges such covenants are essential elements of this Agreement and that, but for such covenants, the Company would not have entered into this Agreement.

**9. Company Property.** All records, files, lists, including computer generated lists, drawings, documents, equipment and similar items related to the Company's business that Executive shall prepare or receive from the Company shall remain the Company's sole and exclusive property. Executive will not copy or cause to be copied, print out, or cause to be printed out any software, documents or other materials originating with or belonging to the Company other than in connection with performing his duties. Upon termination of his employment with the Company, Executive shall promptly return to the Company all property of the Company in his possession or control and will not retain in his possession or control any software, documents or other materials originating with or belonging to the Company.

**10. Intellectual Property.** The Company has hired Executive to work full time so anything Executive produces during the period of his employment with the Company and applicable to the business of the Company is the property of the Company. Any writing, invention, design, system, process, development or discovery conceived, developed, created or made by Executive, alone or with others, during the period of his employment with the Company and applicable to the business of the Company, whether or not patentable, registerable or copyrightable, shall become the sole and exclusive property of the Company. Executive shall disclose the same promptly and completely to the Company, and shall, during the period of his employment with the Company, and any time and from time to time thereafter, (1) execute all documents reasonably requested by the Company for the purpose of vesting in the Company the entire right, title and interest in and to the same, (2) execute all documents reasonably requested by the Company for filing such applications for and procuring all patents, trademarks, service marks or copyrights as the Company, in its sole discretion, may desire to prosecute, and (3) give the Company all assistance it may reasonably require, including the giving of testimony in any suit, action, investigation or other proceeding, in order to obtain, maintain, and protect the Company's right therein and thereto. If such assistance is requested after Executive's employment has terminated, the Company shall pay Executive reasonable compensation in respect of, and reimburse Executive for Executive's reasonable expenses incurred in connection with, rendering such assistance and performing such acts. Executive shall not have or claim any right, title or interest in any trade name, trademark, copyright or other similar rights belonging to or used by the Company.

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**11. Litigation Assistance.** Executive will cooperate with the Company, during the term of his employment and thereafter by making himself reasonably available to testify on behalf of the Company or any subsidiary or affiliate of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to reasonably assist the Company or any such subsidiary or affiliate in any such action, suit, or proceeding by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company or any such subsidiary or affiliate, as reasonably requested; provided, however, that the same does not materially interfere with his then current professional activities. The Company will reimburse Executive for all expenses reasonably incurred by him in connection with his provision of testimony or assistance.

**12. Severability and Enforcement.**

(a) If any one or more of the provisions (or portions thereof) of this Agreement shall for any reason be held by a final determination of a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions (or portions of the provisions) of this Agreement, and the invalid, illegal or unenforceable provisions shall be deemed replaced by a provision that is valid, legal and enforceable and that comes closest to expressing the intention of the parties hereto.

(b) Without limiting the generality of Section 12(a), to the extent that any court shall hold that any of the covenants set forth in Section 8 are unenforceable because they are unreasonable as to scope and/or duration, then the parties intend that such covenant(s) be reduced in scope and/or duration to the extent required to be held enforceable.

(c) Executive confirms and agrees that only a monetary remedy for a breach of any of the covenants set forth in Section 8 would be inadequate, and may be impracticable and difficult to prove, and further agrees that any such breach would cause the Company irrevocable harm and damage. Accordingly, Executive hereby specifically agrees that Company shall be entitled to temporary and permanent injunctive relief without the necessity of proving actual damages as a result of any material breach of Section 8 by Executive.

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### 13. Resolution of Disputes.

(a) Agreement to Arbitrate; Injunctive Relief. **THE PARTIES HERETO AGREE THAT ANY CLAIM, DEMAND, DISPUTE, ACTION OR CAUSE OF ACTION ARISING UNDER OR RELATING TO THE TERMS OF THIS EMPLOYMENT AGREEMENT, WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE (COLLECTIVELY, THE "PARTIES' DISPUTES"), SHALL BE DECIDED, UNLESS OTHERWISE SPECIFICALLY INDICATED HEREIN, BY ARBITRATION PURSUANT TO THE NATIONAL RULES FOR THE RESOLUTION OF EMPLOYMENT DISPUTES OF THE AMERICAN ARBITRATION ASSOCIATION ("AAA RULES") AS MODIFIED HEREBY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT INCLUDING THIS SECTION WITH THE AMERICAN ARBITRATION ASSOCIATION (THE "AAA") AS WRITTEN EVIDENCE OF THE AGREEMENT OF THE PARTIES TO SO ARBITRATE. THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL REGARDING THIS SECTION, THAT THEY FULLY UNDERSTAND ITS TERMS, CONTENT AND EFFECT, AND THAT THEY VOLUNTARILY AND KNOWINGLY AGREE TO THE TERMS OF THIS SECTION AND AGREE TO ARBITRATE ALL PARTIES' DISPUTES.**

(b) Any arbitration pursuant to this Agreement shall take place in Long Island, NY, before a panel of three commercially experienced arbitrators appointed in accordance with the AAA Rules or, if the parties to the arbitration agree, a single retired judge. Notice of any demand for arbitration shall be provided in writing to the other party and to the AAA (the "Arbitration Notice"). For the purposes of this Agreement, an arbitration shall be deemed to have been commenced at such time as the Arbitration Notice has been delivered to all the other parties pursuant to the provisions hereof. The parties shall be entitled to discovery in conjunction with such arbitration (with the scope of discovery to be co-extensive with discovery rights applicable to an arbitration pursuant to New York Code of Civil Procedure.). Any award rendered by the arbitrators (or, if applicable, retired judge) shall be final and may be enforced in the Superior Court for the State of New York. Each party shall pay half of the fees and expenses of the arbitrators.

**14. Indemnification.** To the extent permitted by its Certificate of Incorporation and By-laws and subject to applicable law, the Company will indemnify, defend and hold Executive harmless from and against any claim, liability or expense (including reasonable attorneys' fees) made against or incurred by Executive as a result of his employment with the Company or any subsidiary or other affiliate of the Company, including service as an officer or director of the Company or any subsidiary or other affiliate of the Company.

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**15. Assignment; Binding Nature.** The services and duties to be performed by Executive hereunder are personal and may not be assigned. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and assigns and Executive and his heirs and representatives.

**16. No Impediment to Agreement.** Executive covenants that except as otherwise disclosed herein, he is not, as of the date hereof, and will not be, during the period of his employment hereunder, employed under contract, oral or written, by any other person, firm or entity, and is not and will not be bound by the provisions of any other restrictive covenant or confidentiality agreement, and is not aware of any other circumstance or condition (legal, health or otherwise) which would constitute an impediment to, or restriction upon, his ability to enter into this Agreement and to perform the duties and responsibilities of his employment hereunder.

**17. Amendment or Waiver.** No provision in this Agreement may be amended unless such amendment is agreed to in writing and signed by Executive and an authorized officer of the Company. Except as set forth herein, no delay or omission to exercise any right, power or remedy accruing to any party shall impair any such right, power or remedy or shall be construed to be a waiver of or an acquiescence to any breach hereof. No waiver by either party of any breach by the other party of any condition or provision contained in this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same or any prior or subsequent time. Any waiver must be in writing and signed by Executive or an authorized officer of the Company, as the case may be.

**18. Survivorship.** The respective rights and obligations of the parties hereunder shall survive any termination of Executive's employment to the extent necessary to the intended preservation of such rights and obligations.

**19. Governing Law.** This Agreement shall be governed by, construed and interpreted in accordance with the laws of New York.

**20. Notices.** Any notice given to a party shall be in writing and shall be deemed to have been given when delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or express mail to the recipient at his or its last known address.

**21. Withholding.** Employer may deduct and withhold from the payments to be made to Employee hereunder any amounts required to be deducted and withheld by Employer under the provisions of any statute, law, regulation or ordinance now or hereafter enacted.

**22. Entire Agreement.** This Agreement contains the entire understanding and agreement between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

VIBE RECORDS, INC. NEVADA

By: /s/Tim Olphie

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Tim Olphie  
President and CEO

Date: January 26<sup>th</sup> 2009

By: /s/Tim Olphie

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Tim Olphie  
President and CEO

Date: January 26<sup>th</sup> 2009