

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **2001-08-03**  
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### FILER

#### GENIUS PRODUCTS INC

CIK: **1098016** | IRS No.: **330852923** | State of Incorporation: **NV** | Fiscal Year End: **1231**  
Type: **S-8** | Act: **33** | File No.: **333-66746** | Film No.: **1697672**  
SIC: **5099** Durable goods, nec

Mailing Address  
11250 EL CAMINO REAL  
SUITE 100  
SAN DIEGO CA 92130

Business Address  
11250 EL CAMINO REAL  
SUITE 100  
SAN DIEGO CA 92130  
8587938840

=====

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
-----

FORM S-8  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933  
-----

GENIUS PRODUCTS, INC.  
(Exact name of Registrant as specified in its charter)  
11250 EL CAMINO REAL, SUITE 100  
SAN DIEGO, CALIFORNIA 92130  
(Address of principal executive offices)

NEVADA  
(State or other jurisdiction of  
incorporation or organization)

33-085292  
(I.R.S. Employer  
Identification No.)

STOCK PURCHASE AGREEMENT WITH KLAUS MOELLER  
STOCK PURCHASE AGREEMENT WITH MICHAEL MEADER  
STOCK PURCHASE AGREEMENT WITH HOWARD BALABAN  
STOCK PURCHASE AGREEMENT WITH LARRY BALABAN  
CONSULTING AGREEMENT WITH DENNIS LEVIN  
CONSULTING AGREEMENT WITH PETE WILSON  
(Full title of the plans)

KLAUS MOELLER  
GENIUS PRODUCTS, INC.  
11250 EL CAMINO REAL, SUITE 100  
SAN DIEGO, CALIFORNIA 92130  
(858) 793-8840  
(Name, address, and telephone number,  
including area code, of agent for service)

CALCULATION OF REGISTRATION FEE  
=====

| Title of Securities to be Registered | Amount Registered | Proposed Maximum Offering Price Per Share (1) | Proposed Maximum Aggregate Offering Price (1) | Amount of Registration Fee |
|--------------------------------------|-------------------|---|---|----------------------------|
|--------------------------------------|-------------------|---|---|----------------------------|

|                                   |                    |         |              |
|-----------------------------------|--------------------|---------|--------------|
| Common Stock,<br>\$.001 par value | 304,174 shares (2) | \$0.80  | \$262,939.20 |
| Common Stock,<br>\$.001 par value | 100,000 shares     | \$1.225 | \$122,500.00 |
| Total:                            | 404,174 shares     |         | \$365,839.20 |
|                                   |                    |         | \$96.58      |

- (1) Estimated solely for purposes of determining the registration fee pursuant to Rule 457(h) based on the average of the bid and asked prices of the Common Stock of Genius Products, Inc. as reported on July 31, 2001 on the Over-the-Counter Bulletin Board.
- (2) 125,000 shares are issuable upon the exercise of options at an exercise price of \$0.80.

## INTRODUCTION

This Registration Statement on Form S-8 is filed by Genius Products, Inc. (the "Company") relating to 404,174 shares of the Company's common stock, par value \$.001 per share (the "Common Stock"), issuable to employees of the Company under the Stock Purchase Agreements with the Company's officers Klaus Moeller, Michael Meador, Howard Balaban and Larry Balaban (collectively, the "Stock Agreements") and the Consulting Agreement with Dennis Levin, and upon the exercise of options issued under the Consulting Agreement with Pete Wilson.

## PART I

### INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

#### ITEM 1. PLAN INFORMATION.\*

#### ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION.\*

\* Information required by Part I of Form S-8 to be contained in the Section 10(a) prospectus is omitted from this Registration Statement in accordance with Rule 428 under the Securities Act of 1933, as amended (the "Securities Act"), and the Note to Part I of Form S-8.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents filed by the Company with the Securities and Exchange Commission (the "Commission"), are incorporated herein by reference and made a part hereof:

(1) The Company's Annual Report on Form 10-KSB for the year ended December 31, 2000 filed April 17, 2001, as amended by the Company's Annual Report on Form 10-KSB/A for the year ended December 31, 2000, as filed on May 24, 2001;

(2) The Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2001, as filed on May 3, 2000;

(3) All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Annual Report referred to in (a) above;

(4) All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment hereto which indicates that all securities offered hereunder have been

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sold or which deregisters all securities then remaining unsold shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents; and

(5) The description of the Company's Common Stock contained in the Company's Registration Statement on Form 10-SB filed under the Securities Act on November 2, 1999, including any amendment or report filed for the purpose of updating such description.

For purposes of this Registration Statement, any statement contained in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated herein by reference modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Under the Nevada General Corporation Law and our Articles of

Incorporation, our officers and directors will have no personal liability to us or our shareholders for monetary damages for breach of fiduciary duty as a director or officer involving any act or omission of any such director or officer. This does not eliminate or limit the liability of our directors (i) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, (ii) under applicable Sections of the Nevada Revised Statutes, or (iii) for the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

The Company's Bylaws require the Company to indemnify each director and officer of the Company against all expenses, including, but not limited to, legal fees, judgments and penalties, incurred due to the fact that he or she was or is a director or officer of the Company. The Bylaws do not exclude any other right to indemnification to which such director or officer may be lawfully entitled.

The effect of these provisions in our Articles of Incorporation and Bylaws is to eliminate the rights of the Company and its shareholders (through shareholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of his or her fiduciary duty of care as a director (including breaches resulting from negligence or grossly negligent behavior)

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except in the situations described in clauses (i) through (iii) above. These provisions do not limit or eliminate the rights of the Company or any shareholder to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. The Nevada General Corporation Law grants corporations the right to indemnify their directors, officers, employees and agents in accordance with applicable law and permits the Company to purchase and maintain insurance on behalf of any director, officer, employee or agent of the Company, whether or not the Company has the authority to indemnify such person against such liability and expenses.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

| Exhibit<br>Number<br>----- | Description<br>-----  |
|----------------------------|---|
| 4.1                        | Certificate of Incorporation of the Company and Amendments thereto as incorporated by reference to Exhibit 3.1 to the Company's Registration Statement (No. 000-27915) on Form 10-SB as filed November 2, 1999. |
| 4.2                        | Bylaws of the Company, as amended, as incorporated by reference to Exhibit 3.2 to the Company's Registration Statement (No. 000-27915) on Form 10-SB as filed November 2, 1999.                                 |
| 4.3                        | Amendment to Bylaws as incorporated by reference from Exhibit 3.2.2 to the Company's Form 10-KSB/A for the year ended December 31, 1999 as filed on May 1, 2000.  |
| 4.4                        | Stock Purchase Agreement with Klaus Moeller.  |
| 4.5                        | Stock Purchase Agreement with Michael Meader.   |
| 4.6                        | Stock Purchase Agreement with Howard Balaban.   |
| 4.7                        | Stock Purchase Agreement with Larry Balaban.  |
| 4.8                        | Consulting Agreement with Dennis Levin.   |

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|      |   |
|------|---|
| 4.9  | Consulting Agreement with Pete Wilson.  |
| 5    | Opinion of Luce, Forward, Hamilton & Scripps LLP as to the legality of the securities being registered. |
| 23.1 | Consent of Cacciamatta Accountancy Corporation.   |
| 23.2 | Consent of Luce, Forward, Hamilton & Scripps LLP (contained in Exhibit 5 hereto).                       |

ITEM 9. UNDERTAKINGS.

(1) The undersigned registrant hereby undertakes:

(a) to file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement;

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement;

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Company pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement;

(b) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(c) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

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(2) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission

such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by a final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on August 3, 2001.

GENIUS PRODUCTS, INC.

By: /S/ KLAUS MOELLER  
-----  
Klaus Moeller, Chief Executive Officer  
and Chairman of the Board of Directors

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on the date indicated.

| Signature<br>-----                          | Title<br>-----   | Date<br>----   |
|---|--|----------------|
| /S/ KLAUS MOELLER<br>-----<br>Klaus Moeller | Chief Executive Officer, Chief<br>Financial Officer, Chairman of<br>the Board of Directors | August 3, 2001 |
| /S/ DEBORAH CROSS<br>-----<br>Deborah Cross | Director   | August 3, 2001 |
| /S/ LARRY BALABAN<br>-----<br>Larry Balaban | Director   | August 3, 2001 |



## INDEX TO EXHIBITS

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| 4.2                  | Bylaws of the Company, as amended, as incorporated by reference to Exhibit 3.2 to the Company's Registration Statement (No. 000-27915) on Form 10-SB as filed November 2, 1999.                                 |
| 4.3                  | Amendment to Bylaws as incorporated by reference to Exhibit 3.2.2 to the Company's Form 10-KSB/A for the year ended December 31, 1999 as filed on May 1, 2000.  |
| 4.4                  | Stock Purchase Agreement with Klaus Moeller.  |
| 4.5                  | Stock Purchase Agreement with Michael Meader.   |
| 4.6                  | Stock Purchase Agreement with Howard Balaban.   |
| 4.7                  | Stock Purchase Agreement with Larry Balaban.  |
| 4.8                  | Consulting Agreement with Dennis Levin.   |
| 4.9                  | Consulting Agreement with Pete Wilson.  |
| 5                    | Opinion of Luce, Forward, Hamilton & Scripps LLP as to legality of the securities being registered.   |
| 23.1                 | Consent of Cacciamatta Accountancy Corporation.   |
| 23.2                 | Consent of Luce, Forward, Hamilton & Scripps LLP (contained in Exhibit 5 hereto).   |
| *                    | Incorporated by reference.  |

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH ANY STATE SECURITIES REGULATORY AGENCY, AND NO STATE REGULATORY AGENCY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO GENIUS PRODUCTS, INC. IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR LAWS.

THE SUBSCRIBER ACKNOWLEDGES THAT THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OR THE SECURITIES LAWS OF ANY OTHER STATE. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND THEY MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

GENIUS PRODUCTS, INC.

STOCK PURCHASE AGREEMENT  
-----

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is entered into as of this 31st day of July, 2001, by and between GENIUS PRODUCTS, INC., a Nevada corporation (the "Company"), and Klaus Moeller, an individual ("Moeller").

WHEREAS, the Company has been experiencing significant cash flow shortages.

WHEREAS, Moeller, a director and Chief Executive Officer of the Company offered to assist in the Company's cash flow shortage by accepting a portion of his salary for the years 2000 and 2001 in the form of shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock");

WHEREAS, Moeller and the Company determined that he would accept \$11,669.69 of his salary for the year 2000 ("2000 Moeller Salary Deduction") in the form of Common Stock;

WHEREAS, Moeller agreed that such \$11,669.69 could be deducted from Mr. Moeller's cash salary in equal increments of \$1,667.10 per pay period, from the pay periods ending on the following dates: 9/20/00, 10/5/00, 10/20/00, 11/5/00, 11/20/00, 12/5/00 and 12/20/00;

WHEREAS, Moeller and the Company determined that he would accept

\$75,000.00 of his salary for the year 2001 ("2001 Moeller Salary Deduction") in the form of Common Stock;

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WHEREAS, Moeller and the Company agreed that such \$75,000.00 would be deducted from Moeller's salary for the year 2001;

WHEREAS, the Board and Moeller agreed that the number of shares of Common Stock to be issued to Moeller shall be determined by dividing \$86,669.69 (being the sum of \$11,669.69 and \$75,000.00) by the closing price of the Common Stock as quoted on the OTC Bulletin Board as of the first trading day of 2001, January 2, 2001, which is \$.20 per share (or \$.80 per share as adjusted to reflect the one for four split of the Common Stock which occurred on April 10, 2001), which results in an issuance of 108,337 shares of Common Stock;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows

1. ISSUANCE. Moeller and the Company agree that Moeller shall be issued 108,337 shares of Common Stock, for services rendered to the Company having an aggregate value of \$86,669.69, for a purchase price of \$.80 per share.

2. REPRESENTATIONS AND WARRANTIES OF MOELLER. Moeller hereby acknowledges, represents and warrants to the Company the following:

2.1 RISK OF INVESTMENT. The purchase of Common Stock involves a high degree of risk in that the Company will require (i) substantial funds in addition to the proceeds of this sale; (ii) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Common Stock; (iii) an investor may not be able to liquidate his investment; and (iv) the Common Stock is currently traded on the OTC Bulletin Board, however transferability of the Common Stock is limited.

2.2 RISK OF LOSS. Moeller is able to bear the economic risk of the investment in the Common Stock and can afford the complete loss of such investment. Moeller has adequate means of providing for Moeller's current needs and possible personal contingencies, and has no present need for liquidity of the investment in the Common Stock.

2.3 RESIDENCE. Moeller is a resident of the State of California.

2.4 TAXES. No representation has been made by the Company to Moeller regarding any tax consequences of investing in the Company. Moeller understands that it is the sole responsibility of Moeller to obtain tax advice pertaining to

his particular situation.

2.5 LEGEND. Moeller understands and agrees that there will be placed on the certificate or certificates representing the Common Stock issuable under this Subscription Agreement, any substitutions therefor and any certificates for additional shares which might be distributed with respect to such Common Stock, a legend stating in substance:

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"This security has not been registered or qualified under the securities or blue sky laws of California or any other state and may not be offered and sold unless registered and/or qualified pursuant to the relevant provisions of state securities or blue sky laws or an exemption from such registration or qualification applicable. Therefore, no sale or transfer of this security shall be made, no attempted sale or transfer shall be valid, and the issuer shall not be required to give any effect to any such transaction unless (a) such transaction shall have been duly registered under the act and qualified or approved under appropriate state or blue sky laws, or (b) the issuer shall have first received an opinion of counsel satisfactory to it that such registration, qualification or approval is not required."

2.6 SOPHISTICATION. Moeller has prior investment experience regarding investment in unregistered securities, or has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company to the Subscriber and to evaluate the merits and risks of such an investment on the Subscriber's behalf. The Subscriber recognizes the highly speculative nature of this investment.

2.7 INFORMATION. Moeller has had a full opportunity to ask questions of and receive satisfactory answers from the Company or any person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of Moeller. Moeller acknowledges that he is the Chairman of the Board and Chief Executive Officer for the Company and, as such, he has full knowledge about the operations, condition and prospects for the Company.

2.8 PUBLIC SOLICITATION. Moeller has received no public solicitation or advertisement concerning an offer to sell or a solicitation to buy the shares of Common Stock issued or to be issued under this Agreement.

2.9 INVESTMENT INTENT. Moeller understands that this offering of the Common Stock has not been reviewed by the California Department of Corporations ("Department") because this sale is intended to be a nonpublic offering pursuant

to Section 25102(f) of the California Corporations Code (the "Code"). The Common Stock is being purchased for Moeller's own account, for investment and not for distribution or resale to others. Moeller will not sell or otherwise transfer such securities unless they are registered under the Code or unless an exemption from such registration is available. Moeller realizes that, in the view of the Department, a purchase with an intent to resell would represent a purchase with an intent inconsistent with his representation to the Company, and the Department might regard such a sale or disposition as a deferred sale to which the foregoing exemptions are not available.

2.10 RESTRICTIONS ON TRANSFER. The Company may, if it desires, permit the transfer of the Common Stock acquired hereunder out of Moeller's name only when Moeller's request for transfer

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is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Securities Act of 1933, as amended (the "Act") or any applicable state "Blue Sky" laws, including, but not limited to the Code (collectively "Securities Laws").

2.11 RELIANCE. No representations or warranties have been made to Moeller by the Company or any agent, employee or affiliate of the Company, and, in entering into this transaction, Moeller is not relying on any information, other than the results of independent investigation by the Subscriber.

2.12 SURVIVAL OF REPRESENTATION AND WARRANTIES. Moeller understands the meaning and legal consequences of the foregoing representations and warranties, which are true and correct as of the date of this Agreement. Each representation and warranty will survive such purchase.

3. INDEMNIFICATION. Moeller agrees to hold the Company and its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the undersigned contained herein or any sale or distribution by Moeller in violation of any Securities Laws.

4. REPRESENTATIONS BY THE COMPANY. The Company represents and warrants to Moeller that the Common Stock offered herein has been duly and validly authorized and when issued and paid for in accordance with the terms of the Agreement will be validly issued, fully paid and nonassessable.

5. REGISTRATION ON FORM S-8. Notwithstanding anything to the contrary contained herein, the Company intends to register the Common Stock offered herein prior to its issuance to Moeller on a Form S-8. If such registration is accomplished, the

legend on the certificates representing such Common Stock shall be modified appropriately.

## 6. MISCELLANEOUS

6.1 NOTICES. Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested, addressed to the Company, at 11250 El Camino Real, Suite 100, San Diego, California 92130, Attention: President and to Moeller C/O the same address. Notices will be deemed to have been given on the date of mailing, except notices of change of address, which shall be deemed to have been given when received.

6.2 AMENDMENT. This Agreement shall not be changed, modified or amended except by a writing signed by the parties to be charged, and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

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6.3 SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

6.4 GOVERNING LAW; VENUE. Moeller expressly agrees that all the terms and provisions hereof will be construed in accordance with, and governed by, the laws of the State of California. Moeller hereby agrees that any dispute which may arise between Moeller and the Company arising out of, or in connection with, this Agreement will be adjudicated before a court located in San Diego, California, and Moeller hereby submits to the exclusive jurisdiction of the courts of the State of California, located in San Diego, California, and of the federal courts located in San Diego, California, with respect to any action or legal proceeding commenced by any party, and irrevocably waives any objection Moeller now has, or hereafter may have, respecting the venue of any such action or proceeding brought in such a court, or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, or any acts or omissions relating to the sale of the securities hereunder, and consents to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth on the signature page of this Agreement or such other address as the undersigned will furnish in writing to the Company.

6.5 COUNTERPARTS; BINDING OBLIGATION. This Agreement may be executed in counterparts.

6.6 SEVERABILITY. The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction will not affect any other provision of this Agreement, which will remain in full force and effect.

6.7 WAIVER. It is agreed that a waiver by any party of a breach of any provision of this Agreement will not operate, or be construed, as a waiver of any subsequent breach by that same party.

6.8 ADDITIONAL DOCUMENTS. Moeller agrees to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

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THE NEXT PAGE IS THE SIGNATURE PAGE

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SIGNATURE PAGE

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DATED this 31st day of July, 2001.

/S/ KLAUS MOELLER

-----  
Klaus Moeller, an individual

Genius Products, Inc., a Nevada corporation

By: /S/ KLAUS MOELLER

-----  
Klaus Moeller, Chairman  
and Chief Executive Officer

By: /S/ MICHAEL MEADER

-----  
Michael Meader,  
Executive Vice President

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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH ANY STATE SECURITIES REGULATORY AGENCY, AND NO STATE REGULATORY AGENCY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO GENIUS PRODUCTS, INC. IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR LAWS.

THE SUBSCRIBER ACKNOWLEDGES THAT THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OR THE SECURITIES LAWS OF ANY OTHER STATE. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND THEY MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

GENIUS PRODUCTS, INC.

STOCK PURCHASE AGREEMENT  
-----

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is entered into as of this 31st day of July, 2001, by and between GENIUS PRODUCTS, INC., a Nevada corporation (the "Company"), and Michael Meader, an individual ("Meader").

WHEREAS, the Company has been experiencing significant cash flow shortages.

WHEREAS, Meader, an Executive Vice President of the Company offered to assist in the Company's cash flow shortage by accepting a portion of his salary for the years 2000 and 2001 in the form of shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock");

WHEREAS, Meader and the Company determined that he would accept \$11,669.69 of his salary for the year 2000 ("2000 Meader Salary Deduction") in the form of Common Stock;

WHEREAS, Meader agreed that such \$11,669.69 could be deducted from Mr. Meader's cash salary in equal increments of \$1,667.10 per pay period, from the pay periods ending on the following dates: 9/20/00, 10/5/00, 10/20/00, 11/5/00, 11/20/00, 12/5/00 and 12/20/00;

WHEREAS, Meader and the Company determined that he would accept



\$15,000.00 of his salary for the year 2001 ("2001 Meader Salary Deduction") in the form of Common Stock;

WHEREAS, Meader and the Company agreed that such \$15,000.00 would be deducted from Meader's salary for the year 2001;

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WHEREAS, the Board and Meader agreed that the number of shares of Common Stock to be issued to Meader shall be determined by dividing \$26,669.69 (being the sum of \$11,669.69 and \$15,000.00) by the closing price of the Common Stock as quoted on the OTC Bulletin Board as of the first trading day of 2001, January 2, 2001, which is \$.20 per share (or \$.80 per share as adjusted to reflect the one for four split of the Common Stock which occurred on April 10, 2001), which results in an issuance of 33,337 shares of Common Stock;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows

1. ISSUANCE. Meader and the Company agree that Meader shall be issued 33,337 shares of Common Stock, for services rendered to the Company having an aggregate value of \$26,669.69, for a purchase price of \$.80 per share.

2. REPRESENTATIONS AND WARRANTIES OF MEADER. Meader hereby acknowledges, represents and warrants to the Company the following:

2.1 RISK OF INVESTMENT. The purchase of Common Stock involves a high degree of risk in that the Company will require (i) substantial funds in addition to the proceeds of this sale; (ii) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Common Stock; (iii) an investor may not be able to liquidate his investment; and (iv) the Common Stock is currently traded on the OTC Bulletin Board, however transferability of the Common Stock is limited.

2.2 RISK OF LOSS. Meader is able to bear the economic risk of the investment in the Common Stock and can afford the complete loss of such investment. Meader has adequate means of providing for Meader's current needs and possible personal contingencies, and has no present need for liquidity of the investment in the Common Stock.

2.3 RESIDENCE. Meader is a resident of the State of California.

2.4 TAXES. No representation has been made by the Company to Meader regarding any tax consequences of investing in the Company. Meader understands that it is the sole responsibility of Meader to obtain tax advice pertaining to

his particular situation.

2.5 LEGEND. Meader understands and agrees that there will be placed on the certificate or certificates representing the Common Stock issuable under this Subscription Agreement, any substitutions therefor and any certificates for additional shares which might be distributed with respect to such Common Stock, a legend stating in substance:

"This security has not been registered or qualified under the securities or blue sky laws of California or any other state and may not be offered and sold unless registered and/or qualified pursuant to the relevant provisions of state securities or blue sky laws or an

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exemption from such registration or qualification applicable. Therefore, no sale or transfer of this security shall be made, no attempted sale or transfer shall be valid, and the issuer shall not be required to give any effect to any such transaction unless (a) such transaction shall have been duly registered under the act and qualified or approved under appropriate state or blue sky laws, or (b) the issuer shall have first received an opinion of counsel satisfactory to it that such registration, qualification or approval is not required."

2.6 SOPHISTICATION. Meader has prior investment experience regarding investment in unregistered securities, or has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company to the Subscriber and to evaluate the merits and risks of such an investment on the Subscriber's behalf. The Subscriber recognizes the highly speculative nature of this investment.

2.7 INFORMATION. Meader has had a full opportunity to ask questions of and receive satisfactory answers from the Company or any person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of Meader. Meader acknowledges that he is the Executive Vice President for the Company and, as such, he has full knowledge about the operations, condition and prospects for the Company.

2.8 PUBLIC SOLICITATION. Meader has received no public solicitation or advertisement concerning an offer to sell or a solicitation to buy the shares of Common Stock issued or to be issued under this Agreement.

2.9 INVESTMENT INTENT. Meader understands that this offering of the

Common Stock has not been reviewed by the California Department of Corporations ("Department") because this sale is intended to be a nonpublic offering pursuant to Section 25102(f) of the California Corporations Code (the "Code"). The Common Stock is being purchased for Meader's own account, for investment and not for distribution or resale to others. Meader will not sell or otherwise transfer such securities unless they are registered under the Code or unless an exemption from such registration is available. Meader realizes that, in the view of the Department, a purchase with an intent to resell would represent a purchase with an intent inconsistent with his representation to the Company, and the Department might regard such a sale or disposition as a deferred sale to which the foregoing exemptions are not available.

2.10 RESTRICTIONS ON TRANSFER. The Company may, if it desires, permit the transfer of the Common Stock acquired hereunder out of Meader's name only when Meader's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Securities Act of 1933, as amended (the "Act") or any applicable state "Blue Sky" laws, including, but not limited to the Code (collectively "Securities Laws").

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2.11 RELIANCE. No representations or warranties have been made to Meader by the Company or any agent, employee or affiliate of the Company, and, in entering into this transaction, Meader is not relying on any information, other than the results of independent investigation by the Subscriber.

2.12 SURVIVAL OF REPRESENTATION AND WARRANTIES. Meader understands the meaning and legal consequences of the foregoing representations and warranties, which are true and correct as of the date of this Agreement. Each representation and warranty will survive such purchase.

3. INDEMNIFICATION. Meader agrees to hold the Company and its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the undersigned contained herein or any sale or distribution by Meader in violation of any Securities Laws.

4. REPRESENTATIONS BY THE COMPANY. The Company represents and warrants to Meader that the Common Stock offered herein has been duly and validly authorized and when issued and paid for in accordance with the terms of the Agreement will be validly issued, fully paid and nonassessable.

5. REGISTRATION ON FORM S-8. Notwithstanding anything to the contrary contained herein, the Company intends to register the Common Stock offered herein prior to its issuance to Meader on a Form S-8. If such registration is accomplished, the

legend on the certificates representing such Common Stock shall be modified appropriately.

## 6. MISCELLANEOUS

6.1 NOTICES. Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested, addressed to the Company, at 11250 El Camino Real, Suite 100, San Diego, California 92130, Attention: President and to Meader C/O the same address. Notices will be deemed to have been given on the date of mailing, except notices of change of address, which shall be deemed to have been given when received.

6.2 AMENDMENT. This Agreement shall not be changed, modified or amended except by a writing signed by the parties to be charged, and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

6.3 SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

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6.4 GOVERNING LAW; VENUE. Meader expressly agrees that all the terms and provisions hereof will be construed in accordance with, and governed by, the laws of the State of California. Meader hereby agrees that any dispute which may arise between Meader and the Company arising out of, or in connection with, this Agreement will be adjudicated before a court located in San Diego, California, and Meader hereby submits to the exclusive jurisdiction of the courts of the State of California, located in San Diego, California, and of the federal courts located in San Diego, California, with respect to any action or legal proceeding commenced by any party, and irrevocably waives any objection Meader now has, or hereafter may have, respecting the venue of any such action or proceeding brought in such a court, or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, or any acts or omissions relating to the sale of the securities hereunder, and consents to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth on the signature page of this Agreement or such other address as the undersigned will furnish in writing to the Company.

6.5 COUNTERPARTS; BINDING OBLIGATION. This Agreement may be executed in counterparts.

6.6 SEVERABILITY. The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction will not affect any other provision of this Agreement, which will remain in full force and effect.

6.7 WAIVER. It is agreed that a waiver by any party of a breach of any provision of this Agreement will not operate, or be construed, as a waiver of any subsequent breach by that same party.

6.8 ADDITIONAL DOCUMENTS. Meader agrees to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

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THE NEXT PAGE IS THE SIGNATURE PAGE

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SIGNATURE PAGE

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DATED this 31st day of July, 2001.

/S/ MICHAEL MEADER

-----  
Michael Meader, an individual

Genius Products, Inc., a Nevada corporation

By: /S/ KLAUS MOELLER

-----  
Klaus Moeller, Chairman  
and Chief Executive Officer

By: /S/ MICHAEL MEADER

-----  
Michael Meader,  
Executive Vice President

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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH ANY STATE SECURITIES REGULATORY AGENCY, AND NO STATE REGULATORY AGENCY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO GENIUS PRODUCTS, INC. IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR LAWS.

THE SUBSCRIBER ACKNOWLEDGES THAT THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OR THE SECURITIES LAWS OF ANY OTHER STATE. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND THEY MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

GENIUS PRODUCTS, INC.

STOCK PURCHASE AGREEMENT  
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THIS STOCK PURCHASE AGREEMENT (this "Agreement") is entered into as of this 31st day of July, 2001, by and between GENIUS PRODUCTS, INC., a Nevada corporation (the "Company"), and Howard Balaban, an individual ("Balaban").

WHEREAS, the Company has been experiencing significant cash flow shortages.

WHEREAS, Balaban, a Senior Vice President of the Company, offered to assist in the Company's cash flow shortage by accepting a portion of his salary for the year 2001 in the form of shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock");

WHEREAS, Balaban and the Company determined that he would accept \$15,000.00 of his salary for the year 2001 ("2001 Balaban Salary Deduction") in the form of Common Stock;

WHEREAS, Balaban and the Company agreed that such \$15,000.00 would be deducted from Balaban's salary for the year 2001;

WHEREAS, the Board and Balaban agreed that the number of shares of Common Stock to be issued to Balaban shall be determined by dividing \$15,000.00 by the closing price of the Common Stock as quoted on the OTC Bulletin Board as

of the first trading day of 2001, January 2, 2001, which is \$.20 per share (or \$.80 per share as adjusted to reflect the one for four split of the Common Stock which occurred on April 10, 2001), which results in an issuance of 18,750 shares of Common Stock;

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NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows

1. ISSUANCE. Balaban and the Company agree that Balaban shall be issued 18,750 shares of Common Stock, for services rendered to the Company having an aggregate value of \$15,000.00, for a purchase price of \$.80 per share.

2. REPRESENTATIONS AND WARRANTIES OF BALABAN. Balaban hereby acknowledges, represents and warrants to the Company the following:

2.1 RISK OF INVESTMENT. The purchase of Common Stock involves a high degree of risk in that the Company will require (i) substantial funds in addition to the proceeds of this sale; (ii) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Common Stock; (iii) an investor may not be able to liquidate his investment; and (iv) the Common Stock is currently traded on the OTC Bulletin Board, however transferability of the Common Stock is limited.

2.2 RISK OF LOSS. Balaban is able to bear the economic risk of the investment in the Common Stock and can afford the complete loss of such investment. Balaban has adequate means of providing for Balaban's current needs and possible personal contingencies, and has no present need for liquidity of the investment in the Common Stock.

2.3 RESIDENCE. Balaban is a resident of the State of California.

2.4 TAXES. No representation has been made by the Company to Balaban regarding any tax consequences of investing in the Company. Balaban understands that it is the sole responsibility of Balaban to obtain tax advice pertaining to his particular situation.

2.5 LEGEND. Balaban understands and agrees that there will be placed on the certificate or certificates representing the Common Stock issuable under this Subscription Agreement, any substitutions therefor and any certificates for additional shares which might be distributed with respect to such Common Stock, a legend stating in substance:

"This security has not been registered or qualified under the

securities or blue sky laws of California or any other state and may not be offered and sold unless registered and/or qualified pursuant to the relevant provisions of state securities or blue sky laws or an exemption from such registration or qualification applicable. Therefore, no sale or transfer of this security shall be made, no attempted sale or transfer shall be valid, and the issuer shall not be required to give any effect to any such transaction unless (a) such transaction shall have been duly registered under the act and

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qualified or approved under appropriate state or blue sky laws, or (b) the issuer shall have first received an opinion of counsel satisfactory to it that such registration, qualification or approval is not required."

2.6 SOPHISTICATION. Balaban has prior investment experience regarding investment in unregistered securities, or has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company to Balaban and to evaluate the merits and risks of such an investment on Balaban's behalf. Balaban recognizes the highly speculative nature of this investment.

2.7 INFORMATION. Balaban has had a full opportunity to ask questions of and receive satisfactory answers from the Company or any person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of Balaban. Balaban acknowledges that he is a Senior Vice President for the Company and, as such, he has full knowledge about the operations, condition and prospects for the Company.

2.8 PUBLIC SOLICITATION. Balaban has received no public solicitation or advertisement concerning an offer to sell or a solicitation to buy the shares of Common Stock issued or to be issued under this Agreement.

2.9 INVESTMENT INTENT. Balaban understands that this offering of the Common Stock has not been reviewed by the California Department of Corporations ("Department") because this sale is intended to be a nonpublic offering pursuant to Section 25102(f) of the California Corporations Code (the "Code"). The Common Stock is being purchased for Balaban's own account, for investment and not for distribution or resale to others. Balaban will not sell or otherwise transfer such securities unless they are registered under the Code or unless an exemption from such registration is available. Balaban realizes that, in the view of the Department, a purchase with an intent to resell would represent a purchase with an intent inconsistent with his representation to the Company, and the



Department might regard such a sale or disposition as a deferred sale to which the foregoing exemptions are not available.

2.10 RESTRICTIONS ON TRANSFER. The Company may, if it desires, permit the transfer of the Common Stock acquired hereunder out of Balaban's name only when Balaban's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Securities Act of 1933, as amended (the "Act") or any applicable state "Blue Sky" laws, including, but not limited to the Code (collectively "Securities Laws").

2.11 RELIANCE. No representations or warranties have been made to Balaban by the Company or any agent, employee or affiliate of the Company, and, in entering into this transaction, Balaban is not relying on any information, other than the results of independent investigation by the Subscriber.

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2.12 SURVIVAL OF REPRESENTATION AND WARRANTIES. Balaban understands the meaning and legal consequences of the foregoing representations and warranties, which are true and correct as of the date of this Agreement. Each representation and warranty will survive such purchase.

3. INDEMNIFICATION. Balaban agrees to hold the Company and its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the undersigned contained herein or any sale or distribution by Balaban in violation of any Securities Laws.

4. REPRESENTATIONS BY THE COMPANY. The Company represents and warrants to Balaban that the Common Stock offered herein has been duly and validly authorized and when issued and paid for in accordance with the terms of the Agreement will be validly issued, fully paid and nonassessable.

5. REGISTRATION ON FORM S-8. Notwithstanding anything to the contrary contained herein, the Company intends to register the Common Stock offered herein prior to its issuance to Balaban on a Form S-8. If such registration is accomplished, the legend on the certificates representing such Common Stock shall be modified appropriately.

## 6. MISCELLANEOUS

6.1 NOTICES. Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested, addressed to the Company, at 11250 El Camino Real, Suite 100, San Diego, California 92130, Attention: President and to Balaban C/O the same

address. Notices will be deemed to have been given on the date of mailing, except notices of change of address, which shall be deemed to have been given when received.

6.2 AMENDMENT. This Agreement shall not be changed, modified or amended except by a writing signed by the parties to be charged, and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

6.3 SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

6.4 GOVERNING LAW; VENUE. Balaban expressly agrees that all the terms and provisions hereof will be construed in accordance with, and governed by, the laws of the State of California. Balaban hereby agrees that any dispute which may arise between Balaban and the Company arising out of, or in connection with, this Agreement will be adjudicated before a court located in San Diego, California, and Balaban hereby submits to the exclusive jurisdiction of the courts of the State

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of California, located in San Diego, California, and of the federal courts located in San Diego, California, with respect to any action or legal proceeding commenced by any party, and irrevocably waives any objection Balaban now has, or hereafter may have, respecting the venue of any such action or proceeding brought in such a court, or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, or any acts or omissions relating to the sale of the securities hereunder, and consents to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth on the signature page of this Agreement or such other address as the undersigned will furnish in writing to the Company.

6.5 COUNTERPARTS; BINDING OBLIGATION. This Agreement may be executed in counterparts.

6.6 SEVERABILITY. The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction will not affect any other provision of this Agreement, which will remain in full force and effect.

6.7 WAIVER. It is agreed that a waiver by any party of a breach of any provision of this Agreement will not operate, or be construed, as a waiver of any subsequent breach by that same party.

6.8 ADDITIONAL DOCUMENTS. Balaban agrees to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

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SIGNATURE PAGE

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DATED this 31st day of July, 2001.

/S/ HOWARD BALABAN

-----  
Howard Balaban, an individual

Genius Products, Inc., a Nevada corporation

By: /S/ KLAUS MOELLER

-----  
Klaus Moeller, Chairman  
and Chief Executive Officer

By: /S/ MICHAEL MEADER

-----  
Michael Meader,  
Senior Vice President

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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED WITH ANY STATE SECURITIES REGULATORY AGENCY, AND NO STATE REGULATORY AGENCY HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT REGISTRATION UNDER APPLICABLE STATE SECURITIES LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO GENIUS PRODUCTS, INC. IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR LAWS.

THE SUBSCRIBER ACKNOWLEDGES THAT THE COMMON STOCK HAS NOT BEEN REGISTERED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OR THE SECURITIES LAWS OF ANY OTHER STATE. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND THEY MAY NOT BE OFFERED, SOLD OR TRANSFERRED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE CORPORATION IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH LAWS.

GENIUS PRODUCTS, INC.

STOCK PURCHASE AGREEMENT  
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THIS STOCK PURCHASE AGREEMENT (this "Agreement") is entered into as of this 31st day of July, 2001, by and between GENIUS PRODUCTS, INC., a Nevada corporation (the "Company"), and Larry Balaban, an individual ("Balaban").

WHEREAS, the Company has been experiencing significant cash flow shortages.

WHEREAS, Balaban, a Senior Vice President of the Company, offered to assist in the Company's cash flow shortage by accepting a portion of his salary for the year 2001 in the form of shares of the Company's Common Stock, par value \$.001 per share (the "Common Stock");

WHEREAS, Balaban and the Company determined that he would accept \$15,000.00 of his salary for the year 2001 ("2001 Balaban Salary Deduction") in the form of Common Stock;

WHEREAS, Balaban and the Company agreed that such \$15,000.00 would be deducted from Balaban's salary for the year 2001;

WHEREAS, the Board and Balaban agreed that the number of shares of Common Stock to be issued to Balaban shall be determined by dividing \$15,000.00 by the closing price of the Common Stock as quoted on the OTC Bulletin Board as

of the first trading day of 2001, January 2, 2001, which is \$.20 per share (or \$.80 per share as adjusted to reflect the one for four split of the Common Stock which occurred on April 10, 2001), which results in an issuance of 18,750 shares of Common Stock;

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NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto, intending to be legally bound, do hereby agree as follows

1. ISSUANCE. Balaban and the Company agree that Balaban shall be issued 18,750 shares of Common Stock, for services rendered to the Company having an aggregate value of \$15,000.00, for a purchase price of \$.80 per share.

2. REPRESENTATIONS AND WARRANTIES OF BALABAN. Balaban hereby acknowledges, represents and warrants to the Company the following:

2.1 RISK OF INVESTMENT. The purchase of Common Stock involves a high degree of risk in that the Company will require (i) substantial funds in addition to the proceeds of this sale; (ii) an investment in the Company is highly speculative and only investors who can afford the loss of their entire investment should consider investing in the Common Stock; (iii) an investor may not be able to liquidate his investment; and (iv) the Common Stock is currently traded on the OTC Bulletin Board, however transferability of the Common Stock is limited.

2.2 RISK OF LOSS. Balaban is able to bear the economic risk of the investment in the Common Stock and can afford the complete loss of such investment. Balaban has adequate means of providing for Balaban's current needs and possible personal contingencies, and has no present need for liquidity of the investment in the Common Stock.

2.3 RESIDENCE. Balaban is a resident of the State of California.

2.4 TAXES. No representation has been made by the Company to Balaban regarding any tax consequences of investing in the Company. Balaban understands that it is the sole responsibility of Balaban to obtain tax advice pertaining to his particular situation.

2.5 LEGEND. Balaban understands and agrees that there will be placed on the certificate or certificates representing the Common Stock issuable under this Subscription Agreement, any substitutions therefor and any certificates for additional shares which might be distributed with respect to such Common Stock, a legend stating in substance:

"This security has not been registered or qualified under the

securities or blue sky laws of California or any other state and may not be offered and sold unless registered and/or qualified pursuant to the relevant provisions of state securities or blue sky laws or an exemption from such registration or qualification applicable. Therefore, no sale or transfer of this security shall be made, no attempted sale or transfer shall be valid, and the issuer shall not be required to give any effect to any such transaction unless (a) such transaction shall have been duly registered under the act and

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qualified or approved under appropriate state or blue sky laws, or (b) the issuer shall have first received an opinion of counsel satisfactory to it that such registration, qualification or approval is not required."

2.6 SOPHISTICATION. Balaban has prior investment experience regarding investment in unregistered securities, or has employed the services of an investment advisor, attorney and/or accountant to read all of the documents furnished or made available by the Company to Balaban and to evaluate the merits and risks of such an investment on Balaban's behalf. Balaban recognizes the highly speculative nature of this investment.

2.7 INFORMATION. Balaban has had a full opportunity to ask questions of and receive satisfactory answers from the Company or any person or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of Balaban. Balaban acknowledges that he is a Senior Vice President for the Company and, as such, he has full knowledge about the operations, condition and prospects for the Company.

2.8 PUBLIC SOLICITATION. Balaban has received no public solicitation or advertisement concerning an offer to sell or a solicitation to buy the shares of Common Stock issued or to be issued under this Agreement.

2.9 INVESTMENT INTENT. Balaban understands that this offering of the Common Stock has not been reviewed by the California Department of Corporations ("Department") because this sale is intended to be a nonpublic offering pursuant to Section 25102(f) of the California Corporations Code (the "Code"). The Common Stock is being purchased for Balaban's own account, for investment and not for distribution or resale to others. Balaban will not sell or otherwise transfer such securities unless they are registered under the Code or unless an exemption from such registration is available. Balaban realizes that, in the view of the Department, a purchase with an intent to resell would represent a purchase with an intent inconsistent with his representation to the Company, and the

Department might regard such a sale or disposition as a deferred sale to which the foregoing exemptions are not available.

2.10 RESTRICTIONS ON TRANSFER. The Company may, if it desires, permit the transfer of the Common Stock acquired hereunder out of Balaban's name only when Balaban's request for transfer is accompanied by an opinion of counsel reasonably satisfactory to the Company that neither the sale nor the proposed transfer results in a violation of the Securities Act of 1933, as amended (the "Act") or any applicable state "Blue Sky" laws, including, but not limited to the Code (collectively "Securities Laws").

2.11 RELIANCE. No representations or warranties have been made to Balaban by the Company or any agent, employee or affiliate of the Company, and, in entering into this transaction, Balaban is not relying on any information, other than the results of independent investigation by the Subscriber.

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2.12 SURVIVAL OF REPRESENTATION AND WARRANTIES. Balaban understands the meaning and legal consequences of the foregoing representations and warranties, which are true and correct as of the date of this Agreement. Each representation and warranty will survive such purchase.

3. INDEMNIFICATION. Balaban agrees to hold the Company and its directors, officers and controlling persons and their respective heirs, representatives, successors and assigns harmless and to indemnify them against all liabilities, costs and expenses incurred by them as a result of any misrepresentation made by the undersigned contained herein or any sale or distribution by Balaban in violation of any Securities Laws.

4. REPRESENTATIONS BY THE COMPANY. The Company represents and warrants to Balaban that the Common Stock offered herein has been duly and validly authorized and when issued and paid for in accordance with the terms of the Agreement will be validly issued, fully paid and nonassessable.

5. REGISTRATION ON FORM S-8. Notwithstanding anything to the contrary contained herein, the Company intends to register the Common Stock offered herein prior to its issuance to Balaban on a Form S-8. If such registration is accomplished, the legend on the certificates representing such Common Stock shall be modified appropriately.

## 6. MISCELLANEOUS

6.1 NOTICES. Any notice or other communication given hereunder shall be deemed sufficient if in writing and sent by registered or certified mail, return receipt requested, addressed to the Company, at 11250 El Camino Real, Suite 100, San Diego, California 92130, Attention: President and to Balaban C/O the same

address. Notices will be deemed to have been given on the date of mailing, except notices of change of address, which shall be deemed to have been given when received.

6.2 AMENDMENT. This Agreement shall not be changed, modified or amended except by a writing signed by the parties to be charged, and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

6.3 SUCCESSORS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, legal representatives, successors and assigns. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

6.4 GOVERNING LAW; VENUE. Balaban expressly agrees that all the terms and provisions hereof will be construed in accordance with, and governed by, the laws of the State of California. Balaban hereby agrees that any dispute which may arise between Balaban and the Company arising out of, or in connection with, this Agreement will be adjudicated before a court located in San Diego, California, and Balaban hereby submits to the exclusive jurisdiction of the courts of the State

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of California, located in San Diego, California, and of the federal courts located in San Diego, California, with respect to any action or legal proceeding commenced by any party, and irrevocably waives any objection Balaban now has, or hereafter may have, respecting the venue of any such action or proceeding brought in such a court, or respecting the fact that such court is an inconvenient forum, relating to or arising out of this Agreement, or any acts or omissions relating to the sale of the securities hereunder, and consents to the service of process in any such action or legal proceeding by means of registered or certified mail, return receipt requested, in care of the address set forth on the signature page of this Agreement or such other address as the undersigned will furnish in writing to the Company.

6.5 COUNTERPARTS; BINDING OBLIGATION. This Agreement may be executed in counterparts.

6.6 SEVERABILITY. The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction will not affect any other provision of this Agreement, which will remain in full force and effect.

6.7 WAIVER. It is agreed that a waiver by any party of a breach of any



provision of this Agreement will not operate, or be construed, as a waiver of any subsequent breach by that same party.

6.8 ADDITIONAL DOCUMENTS. Balaban agrees to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK  
THE NEXT PAGE IS THE SIGNATURE PAGE

SIGNATURE PAGE

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DATED this 31st day of July, 2001.

/S/ LARRY BALABAN

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Larry Balaban, an individual  
Genius Products, Inc., a Nevada corporation

By: /S/ KLAUS MOELLER

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Klaus Moeller, Chairman  
and Chief Executive Officer

By: /S/ MICHAEL MEADER

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Michael Meader,  
Senior Vice President

CONSULTING AGREEMENT  
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CONSULTING AGREEMENT between Genius Products, Inc. (the "COMPANY") and Dennis Levin ("CONSULTANT"), dated as of May 16, 2001

WHEREAS, the Company wishes to retain the services of Consultant and Consultant wishes to provide consulting services to the company, (the "SERVICES") for a period of 3 months;

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration the adequacy and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

SECTION 1. SERVICES TO BE PROVIDED BY CONSULTANT. As of the date hereof, Consultant shall spend a minimum of 2 days each week in the corporate offices. The Consultant will also be available for Services the other remaining 3 days of the week.

SECTION 2. PAYMENT BY THE COMPANY. The Company shall pay the Consultant on the last day of each four-week period in company shares for Services. The Company shall pay the Consultant shares equal in value to \$8,000 per month divided by the volume weighted average closing price for the previous 20 days. The company shall issue or cause to be issued free-trading shares to Consultant.

The Company shall reimburse or pay directly any reasonable expenses related to the performance of the Consultants duties. These expenses will be paid upon receipt of documentation. Such expenses will include travel, telephone, and other pre-approved items.

SECTION 3. OBLIGATIONS OF CONSULTANT. Consultant shall (I) not engage in any act that the Company determines in its sole discretion may be deemed to be in competition with the Company; (ii) treat as confidential all Company information disclosed to him by the Company; and Consultant shall return all such information to the Company at the end of this agreement in whatever form such information such may exist; (iii) perform all work for the Company to the highest professional standards. Consultant shall be responsible for the payment of all his federal, state, local income, social security, and FICA taxes. Consultant acknowledges that the relationship with the Company is one of an independent contractor and not one of employment.

SECTION 4. TERM AND TERMINATION. Either party may terminate the Agreement on 30 days prior written notice, and if not so terminated the Agreement will expire on August 16, 2001.

SECTION 5. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of laws principles. The parties hereby submit to the state and federal courts in San Diego County, California, and wave all defense to venue or that the forum is inconvenient. THE PARTIES WAVE THEIR RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDINGS ARISING OUT OF THIS AGREEMENT.

SECTION 6. MISCELLANEOUS. This Agreement may be executed in counter parts all of which together shall constitute one and the same instrument. The parties may execute the Agreement by Facsimile. This Agreement supercedes all previous oral and written agreements and negotiations relating to the subject matter hereof. This Agreement may not be modified except by an instrument in writing executed in by the parties. This Agreement shall inure to the successors and assigns of each party except that no party may assign any of its obligations hereunder without the written consent of the other party. In any proceedings brought hereunder the losing party shall pay all the attorneys' fees and expenses of the other party occurred in such proceedings.

IN WITNESS HEREOF, the parties have executed this Consulting Agreement on the date first written above.

GENIUS PRODUCTS, INC.

/s/ Michael Meader

/s/ Dennis Levin  
Dennis Levin

## CONSULTING AGREEMENT

CONSULTING AGREEMENT between Genius Products, Inc (the "Company") and Pete Wilson ("Consultant"), dated as of July 24, 2001 (the "Agreement").

WHEREAS, the Company wishes to retain the services of Consultant and Consultant wishes to provide consulting services to the Company (the "Services") for a period of 6 months;

NOW THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration the adequacy and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

- SECTION 1. SERVICES TO BE PROVIDED BY CONSULTANT. As of the date hereof, Consultant shall aid Company in all matters relating to financial reporting, planning for strategic marketing and other such services as required by the Company from time to time.
- SECTION 2. PAYMENT BY THE COMPANY. In lieu of a monthly retainer, the Company will issue to Consultant non-qualified stock options to acquire a total of 125,000 shares at a price of \$0.80 per share. The shares underlying the options will be registered by the Company on an S-8 Registration Statement.
- SECTION 3. OBLIGATIONS OF CONSULTANT. Consultant shall (1) not engage in any act that the Company determines in its sole discretion may be deemed to be in competition with the Company, (2) treat as confidential all Company information disclosed to him by the Company, and Consultant shall return all such information to the Company at the end of this agreement in whatever form such information such may exist, and (3) perform all work for the Company to the highest professional standards. Consultant shall be responsible for the payment of all his federal, state, local income, social security, and FICA taxes. Consultant acknowledges that the relationship with the Company is one of an independent contractor and not one of employment.
- SECTION 4. TERM AND TERMINATION. Either party may terminate the Agreement on 30 days' prior written notice, and if not so terminated the Agreement will expire on January 15, 2002.
- SECTION 5. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of laws principles.

The parties hereby submit to the state and federal courts in San Diego County, California, and waive all defenses to venue or that the forum is inconvenient

THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY PROCEEDINGS ARISING OUT OF THIS AGREEMENT.

SECTION 6.

MISCELLANEOUS. This Agreement may be executed in counterparts, all of which together shall constitute one and the same instrument. The parties may execute the Agreement by facsimile. This Agreement supersedes all previous oral and written agreements and negotiations relating to the subject matter hereof. This Agreement may not be modified except by an instrument in writing executed by the parties. This Agreement shall inure to the successors and assigns of each party except that no party may assign any of its obligations hereunder without the written consent of the other party. In any proceedings brought hereunder the losing party shall pay all the attorneys' fees and expenses of the other party incurred in such proceedings.

IN WITNESS HEREOF, the parties have executed this Agreement on the date first written above.

GENIUS PRODUCTS, INC

By: /S/ LARRY BALABAN

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Larry Balaban, Executive Vice President

/S/ PETE WILSON

-----  
Pete Wilson

OPINION OF COUNSEL

(Luce Forward Hamilton & Scripps LLP Letterhead)

August 3, 2001

Genius Products, Inc.  
11250 El Camino Real, Suite 100  
San Diego, CA 92130

Re: Registration Statement on Form S-8 for 404,174 Shares of Common Stock

Ladies and Gentlemen:

We have acted as your counsel in the preparation of a Registration Statement on Form S-8 (the "Registration Statement") to be filed with the Securities and Exchange Commission to register 404,174 shares of common stock, \$.001 par value per share (the "Common Stock"), of Genius Products, Inc., a Nevada corporation (the "Company"), to be issued pursuant to the Company's Stock Purchase Agreement with Klaus Moeller, Stock Purchase Agreement with Michael Meader, Stock Purchase Agreement with Howard Balaban, and Stock Purchase Agreement with Larry Balaban (collectively, the "Compensation Agreements") and the Company's Consulting Agreement with Dennis Levin and Consulting Agreement with Pete Wilson (together, the "Consulting Agreements").

For purposes of rendering this opinion, we have made such legal and factual examinations as we have deemed necessary under the circumstances and, as part of such examination, we have examined, among other things, originals and copies, certified or otherwise, identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate. For the purposes of such examination, we have assumed the genuineness of all signatures on original documents and the conformity to original documents of all copies submitted to us.

On the basis of and in reliance upon the foregoing examination and assumptions, we are of the opinion that assuming the Registration Statement shall have become effective pursuant to the provisions of the Securities Act of 1933, as amended, the shares of Common Stock being offered under the Compensation Agreements and the Consulting Agreements, when issued in accordance with the Registration Statement and the provisions of the Compensation Agreements and the Consulting Agreements, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/S/ LUCE, FORWARD, HAMILTON & SCRIPPS LLP

LUCE, FORWARD, HAMILTON & SCRIPPS LLP

[Cacciamatta Accountancy Corporation Letterhead]

CONSENT OF INDEPENDENT AUDITORS

Board of Directors  
Genius Products, Inc.  
San Diego, California

We consent to the incorporation by reference of our Independent Auditor's Report dated March 20, 2001, on the financial statements of Genius Products, Inc. for the year ended December 31, 2000 in the Registration Statement on Form S-8, filed with the Securities and Exchange Commission on August 3, 2001.

/s/ CACCIAMATTA ACCOUNTANCY CORPORATION

CACCIAMATTA ACCOUNTANCY CORPORATION  
Irvine, California  
August 3, 2001