

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

**INFOSONICS CORP**

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UNITED STATES  
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 20, 2009**

**InfoSonics Corporation**

(Exact name of registrant as specified in its charter)

**Maryland**

**010-32217**

**33-0599368**

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

**4350 Executive Drive, Suite 100, San Diego, CA 92121**

(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: **(858)-373-1600**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On January 22, 2009, InfoSonics Corporation, a Maryland corporation (the “*Company*”), entered into a Distribution Agreement (the “*Agreement*”) with Samsung Electronics Argentina S.A. that allows the Company to distribute Samsung wireless telecommunications devices and related accessories to carriers, retailers and agents in Argentina and Uruguay. The Agreement has an expiration date of December 31, 2009. The Agreement replaces a previous agreement which expired in accordance with its terms.

The description of the Agreement above does not purport to be complete and is qualified in its entirety by reference to the Agreement itself, which is filed as an exhibit to this Current Report.

## ITEM 8.01 OTHER EVENTS

### *Preliminary Court Approval of Settlement*

On October 16, 2008, the parties to the securities class action captioned *In Re InfoSonics Corporation Securities Litigation*, Case No. 06-CV-1231, entered into a Stipulation and Agreement of Settlement (the “*Securities Settlement*”), which provided that the Securities Settlement was contingent on preliminary and final Court approval (after appropriate notice) of the Securities Settlement, among other contingencies, and provided for, among other things, a dismissal with prejudice of the lawsuit, releases of the defendants and a payment by the Company or its insurer of \$3.8 million (inclusive of plaintiffs’ attorneys’ fees).

On October 17, 2008, the parties to the derivative action captioned *In Re InfoSonics Corporation Derivative Litigation*, Lead Case No. 06 CB 1336, entered into a Stipulation and Agreement of Settlement (the “*Derivative Settlement*”), which provided that the Derivative Settlement was contingent on preliminary and final Court approval (after appropriate notice) of Derivative Settlement, among other contingencies, and provided for, among other things, a dismissal with prejudice of the lawsuit, releases of the defendants, corporate governance changes and a payment by the Company or its insurer of plaintiffs’ attorneys’ fees to be ordered by the Court up to a maximum of \$350,000.

Both the Securities Settlement and the Derivative Settlement provide that defendants deny any liability or responsibility for the claims made and make no admission of any wrongdoing.

On October 29, 2008, the Court took under submission without oral argument request for orders preliminarily approving the Securities Settlement and the Derivative Settlement.

With respect to the Securities Settlement, on January 20, 2009, the Court entered an order certifying the class, preliminarily approving the Securities Settlement, providing for notice to the class, and setting a fairness hearing on April 23, 2009 at 3:00 p.m. in the United States District Court for the Southern District of California. With respect to the Derivative Settlement, on January 20, 2009, the Court entered an order preliminarily approving the Derivative Settlement, providing for notice, and setting a fairness hearing on April 23, 2009 at 3:00 p.m. in the same courthouse.

With respect to the April 23, 2009 hearing for the Derivative Settlement, please see the full text of the Notice of Hearing on Proposed Settlement of Derivative Action, a copy of which is attached to this Current Report on Form 8-K as Exhibit 20.1.

## Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Distribution Agreement by and between InfoSonics Corporation and Samsung ElectronicsArgentina S.A. effective as of January 22, 2009.
99.1	Notice of hearing on proposed settlement of derivative action.

**SIGNATURE**

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

**InfoSonics Corporation**

Date: January 26, 2009

By: /s/ Jeffrey Klausner  
Jeffrey Klausner  
Chief Financial Officer

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## EXHIBIT INDEX

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## DISTRIBUTION AGREEMENT

THIS AGREEMENT is made and entered into this 22<sup>nd</sup> day of January, 2009 by and between Samsung Electronics Argentina S.A., a corporation organized and existing under the laws of the Argentine Republic, domiciled at Bouchard 547 – 3 Piso, (1106) Buenos Aires, Argentina (hereinafter referred to as "SEASA") and Infsonics Corporation, a corporation organized and existing under the laws of the E.E.U.U. , domiciled at 4350 Executive Drive Suite #100, San Diego, CA 92121 and Infsonics S.A. , a corporation organized and existing under the laws of the Uruguay Republic , domiciled at Ponce Ave, 1302, Montevideo, Republica Oriental del Uruguay (hereinafter referred to as "DISTRIBUTORS").

WITNESSETH:

WHEREAS, SEASA is engaged, by itself or through affiliated companies, in the manufacture and sale of cellular handsets and accessories, which intends to market in the TERRITORY hereinafter set forth,

WHEREAS, DISTRIBUTORS are engaged in the business of importation and distribution of products in the TERRITORY and desires to deal in and sell the products and its accessories in the TERRITORY; and

WHEREAS, SEASA is desirous of granting to the DISTRIBUTORS the non-exclusive right to distribute the products in the TERRITORY and the DISTRIBUTORS are willing to accept it.

Now, THEREFORE, in consideration of the mutual covenants hereunder set forth, the parties hereto agree as follows:

### Article 1. Definitions.

When used in this Agreement, each of the following terms shall have the meaning attributed to it below.

- (a) "Affiliate" shall mean any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with SEASA.
- (b) "Agreement" means this Agreement, any written amendment and any exhibits or schedule thereto and all references to "herein"; "hereunder" or "hereof" shall refer to this entire Agreement.
- (c) "Notice" shall mean a notice given in accordance with the terms of Article 18 of this Agreement.
- (d) "PRODUCTS", shall mean cellular handsets and accessories, as decided by SEASA from time to time.
- (e) "SEASA" shall have the meaning set forth on the introductory paragraph. However, if DISTRIBUTORS purchases the PRODUCTS to an Affiliate of SEASA, all references in Articles 2 to 23 to SEASA will be deemed as if they were referred to such Affiliate.
- (f) "SEASA's Trademarks" shall mean those trademarks, trade names, slogans, labels, logo and other trade identifying symbols whether registered or not in the TERRITORY which are developed and used by SEASA in connection with any of the PRODUCTS to be sold by the DISTRIBUTORS pursuant to this Agreement.
- (g) "TERRITORY" shall mean the Argentine Republic and Uruguay.

## Article 2. Distributorship.

2-1 SEASA hereby grant to DISTRIBUTORS a non-exclusive right to distribute the PRODUCTS in the TERRITORY during the term of this Agreement and subject to the provisions and conditions hereinafter set forth.

2-2 DISTRIBUTOR shall buy and sell in its own name and for its own account and shall act as independent trader with regard to both SEASA and the customers of DISTRIBUTORS. Nothing in this Agreement shall authorize DISTRIBUTORS to engage in transactions in the name of SEASA or in any manner, which may create any obligations or liabilities on the part of SEASA.

2-3 This Agreement shall not operate or be construed to create any exclusive relationship between the parties. SEASA shall have at any time the right to sell to any other person within the TERRITORY upon such terms and conditions as are acceptable to SEASA in its sole discretion. DISTRIBUTORS shall have no right or interest, including third party beneficiary or "most-favored nation" interest or rights, in any transaction or agreement between SEASA and any person within the TERRITORY.

## Article 3. Orders.

3-1 SEASA shall sell the PRODUCTS to DISTRIBUTORS for resale in the TERRITORY in accordance with the terms and conditions of each sales contract to be separately agreed and fixed between the parties provided that, unless agreed otherwise, this Agreement shall be applicable.

3-2 No sales contract shall be binding unless and until accepted by SEASA.

3-3 SEASA shall use its best efforts to accept any reasonable order regarding the PRODUCTS placed by the DISTRIBUTORS provided that SEASA shall be entitled to reject DISTRIBUTOR's order or any part thereof when:

- a) The PRODUCTS are not available or sufficient enough to fill the order placed by the DISTRIBUTOR, or all the orders placed by the DISTRIBUTORS and other customers; or
- b) SEASA have discontinued the manufacture or sale of the PRODUCTS ordered at the time the order is received; or
- c) The DISTRIBUTORS have committed a material breach under this Agreement.

3-4 SEASA shall use its best efforts to meet the delivery dates set forth on the accepted orders. In the event of a shortage of the PRODUCTS, SEASA shall apportion its available supply among its customers, as it deems convenient. DISTRIBUTORS may cancel by delivering a written notice to SEASA, any order if the delivery date has not been met for more than sixty (60) days, without charge.

3-5 Except as set forth on 3-4 above, neither DISTRIBUTORS nor SEASA shall rescind or amend any order, which has been accepted by SEASA without written consent of SEASA.

3-6 DISTRIBUTOR will place orders for the PRODUCTS by way of written or electronic purchase orders. No order from DISTRIBUTORS are binding on SEASA until SEASA issues an acknowledgment and acceptance to the DISTRIBUTORS for such order. SEASA shall have ten (10) business days to accept such order. If SEASA does not accept in writing within such term, then such order will be deemed as rejected by SEASA.

3-7 When placing orders DISTRIBUTOR shall give SEASA a ninety (90) days notice in advance, with a fixed purchase order for three months plus a non-binding forecast for the forthcoming two months (i.e. seventh and eighth months as of the notice). DISTRIBUTORS may increase the quantity of such orders for the fixed or forecasted months subject to written acceptance by SEASA.

3-8 All orders will be shipped to DISTRIBUTORS FOB from the respective Samsung Electronics Co. Ltd. manufacturing or warehouse facility. All cost of freight, insurance and any other shipping expenses from FOB point, as well as any special packaging expenses requested by DISTRIBUTORS, shall be borne by DISTRIBUTORS. In addition, DISTRIBUTORS will be responsible to (i) obtain all licenses required to import the PRODUCTS into the TERRITORY and (ii) clear the PRODUCTS through local customs promptly upon arrival at the TERRITORY, and (iii) pay all customs duties and other charges assessed on such PRODUCTS in the TERRITORY. Risk of loss will pass to DISTRIBUTORS upon delivery to DISTRIBUTORS at FOB point as specified in this Section.

#### Article 4. Independence of parties

4-1 It is expressly agreed that the relationship hereby established between SEASA and the DISTRIBUTORS are that of a supplier and a purchaser. The DISTRIBUTORS are an independent contractor and does not have authority to cause SEASA to act in any way, or to represent that SEASA is in any way responsible for the acts of the DISTRIBUTORS. This Agreement does not establish a joint venture, agency or partnership between the parties, nor does it create an employer/employee relationship.

4-2 SEASA shall not be responsible for the acts or defaults of the DISTRIBUTORS or its employees or representatives or its appointed sub-distributors or retailers and the DISTRIBUTORS hereby agrees to indemnify and to hold SEASA harmless from any and all claims of any nature whatsoever arising there from.

4-3 DISTRIBUTORS represents that it complies with all local labor laws related to the performance of its obligations hereunder and that it has its own labor force sufficiently trained to comply with its obligations. DISTRIBUTORS accepts that it alone is liable for any obligations and liabilities that may arise between DISTRIBUTORS and its employees or workers as a result of its obligations hereunder including, without limitation, social security contributions, individual or collective claims, employee's withholding taxes and similar issues. DISTRIBUTORS agrees that there is no contractual relationship between SEASA and DISTRIBUTOR's employees and workers and will hold harmless SEASA for any related claim.

#### Article 5. Prices and payment

5-1 SEASA will sell the PRODUCTS to DISTRIBUTORS at the reasonable prices SEASA normally sells to its other non-exclusive distributors from time to time. To that end, SEASA shall provide DISTRIBUTORS with pricing schedules within 10 business days upon request by DISTRIBUTORS.

5-2 SEASA, at its sole discretion, may change the prices of the PRODUCTS provided that such change of prices shall become effective and applicable to each sales contract to be effected between the parties as from the date SEASA notifies the DISTRIBUTORS and to be applicable to each sales contract pending of shipping, unless otherwise specified therein.

5-3 The DISTRIBUTORS shall cause an irrevocable and confirmed letter of credit without recourse, available against SEASA's draft at sight, to be opened for each sales contract through a leading bank acceptable to SEASA at least 30 days prior to the date of each shipment of the PRODUCTS. DISTRIBUTORS will pay all banking and similar charges incurred in connection with any of these payments.

5-4 If the DISTRIBUTORS fail to provide such letter of credit, SEASA shall have the option of reselling the PRODUCTS in any country, holding the PRODUCTS for the DISTRIBUTOR's accounts and risk and/or canceling the contract and claiming for damages caused by the DISTRIBUTOR's default.

5-5 Seasa and DISTRIBUTORS may agree on other forms of payment, other than the one provided in 5-3 and 5-4 above.

5-6 All amounts payable by DISTRIBUTORS to SEASA under this Agreement are exclusive of any tax, levy or similar governmental charge that may be assessed by any jurisdiction, whether based on gross revenue, the delivery, possession or use of the PRODUCTS, the execution or performance of this Agreement or otherwise, except for net income, net worth or franchise taxes assessed on SEASA in or outside the TERRITORY. If a change in the laws of the TERRITORY were to occur and such change has an adverse effect on the amounts payable by DISTRIBUTORS, then the amounts payable by DISTRIBUTORS shall be readjusted so that SEASA does not suffer a loss as a result of such change in the law.

#### Article 6. Risk and Property

6-1 Risk in the PRODUCTS supplied by SEASA to DISTRIBUTORS will pass upon delivery at FOB point. Titles and any rights in such goods supplied by SEASA shall pass to the DISTRIBUTORS on payment in full to SEASA of the contract price therefor.

#### Article 7. Inspection and Claim

7-1 Within one (1) month upon delivery of the PRODUCTS, the PRODUCTS may be inspected by a DISTRIBUTOR's qualified agent in the TERRITORY at the DISTRIBUTOR's cost and according to SEASA's standard "quality warranty". Should any defects or shortage of the PRODUCTS been found upon inspection due to its material failure to meet the standards of quality, DISTRIBUTORS shall give a written notice to SEASA within 10 days upon inspection. If (i) such written notice of claim for defects or shortages is accompanied by a proof of damage certified by an authorized surveyor, (ii) such defects or shortages are acknowledged by SEASA as attributable to the fault of SEASA and (iii) such defects or shortages are not compensated by insurance; then SEASA shall supply DISTRIBUTORS free of charge with new PRODUCTS or a new part or parts thereof as the case may be to replace the defective PRODUCTS or parts or to replace the missing parts, delivering the same at the port of destination.

7-2 If DISTRIBUTORS fail to carry out the inspection mentioned in 7-1 above or fail to notify and/or to forward a claim within the period specified above, the DISTRIBUTORS should be deemed to have waived any such claim. However, DISTRIBUTORS shall have the rights set forth in Article 8, but only regarding defects on workmanship or material of the PRODUCTS.

7-3 SEASA shall have no liability for any defects or shortages in the PRODUCTS that have been caused by improper storage, warehousing or transport or by neglect, abuse or improper use, maintenance, installation and repair except when the PRODUCTS are under SEASA's control.

#### Article 8. Warranty

8-1 SEASA warrants in accordance with SEASA's standard "quality warranty" that the PRODUCTS sold by it to DISTRIBUTORS are free from defects in workmanship or material for a period which will be indicated in each kind of the product, from the delivery to the initial user or such other period as decided by SEASA and notified to DISTRIBUTOR from time to time, to the extent permitted by the applicable laws and regulations.

This warranty does not apply to any PRODUCTS improperly repaired, changed or altered in any way; or subjected to misuse, abuse, negligence, or accident by any person other than SEASA; or used in violation of instructions furnished by SEASA; or normal wear and tear.

8-2 THE WARRANTIES STATED IN THIS ARTICLE ARE THE ONLY WARRANTIES MADE BY SEASA IN CONNECTION WITH THE SALE OF THE PRODUCTS HEREUNDER. ANY AND ALL OTHER WARRANTIES AND/OR GUARANTEES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE, ARE HEREBY EXPRESSLY DISCLAIMED BY SEASA.

#### Article 9. Limitation of Liability

9-1 IN NO EVENT SHALL SEASA BE LIABLE TO DISTRIBUTOR FOR LOSS OF PROFITS OR OTHER CONSEQUENTIAL DAMAGES INCLUDING, WITHOUT LIMITATION, INJURY TO PERSON OR PROPERTY, LOSS OF USE OF THE PRODUCTS, AND SHALL SEASA'S AGGREGATE LIABILITY TO DISTRIBUTOR OR ANY THIRD PARTY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED THE MONEY PAID BY DISTRIBUTOR TO SEASA UNDER THIS AGREEMENT.

#### Article 10. Promotion and Advertising

10-1 The DISTRIBUTORS agree that it will not, in promoting and selling the PRODUCTS make any representation or give any warranty with respect thereto other than those set forth in the catalogues and leaflets provided by SEASA, and/or the standard terms and conditions of warranty of the PRODUCTS hereunder or provided in writing by SEASA, or as may otherwise be authorized in writing by SEASA, unless required by law.

Article 11. Trademark and other Rights.

11-1 SEASA authorizes DISTRIBUTORS to use non-exclusively Samsung Trademarks in the TERRITORY during the term of this Agreement for the sole purpose of the sale and distribution of the PRODUCTS.

11-2 The DISTRIBUTORS accepts and agrees not to use Samsung Trademarks for any other purpose than to distribute the PRODUCTS and to use them only in such manner as to preserve at all times all rights of SEASA.

11-3 The DISTRIBUTORS agrees that it will not alter or remove any of Samsung Trademarks on the PRODUCTS sold under this Agreement.

11-4 SEASA shall have the right of prior review and approval of any use of Samsung Trademarks by the DISTRIBUTORS.

11-5 The DISTRIBUTORS shall not authorize third parties except its dealers to use Samsung Trademarks and any such attempted authorization shall be void.

11-6 SEASA authorizes DISTRIBUTORS to use Samsung Trademarks in advertisement, promotional literature, catalogues, brochures, and other printed materials, letterhead, visiting cards, only on the express condition that in such use explicit reference will be made to its capacity as a DISTRIBUTORS of the PRODUCTS and that DISTRIBUTORS submits such materials to SEASA for prior approval. The DISTRIBUTORS shall not use the words "SAMSUNG" or any altered or shortened form thereof in its own company name.

11-7 The DISTRIBUTORS shall discontinue and cause its dealers to discontinue the use of the Samsung Trademarks free of compensation upon termination of this Agreement and thereafter shall not use or permit to be used the Samsung Trademarks or any similar trademarks, provided, however, that DISTRIBUTORS and its dealers may sell the PRODUCTS bearing Samsung Trademarks held by them in stock at the time of termination of this Agreement for a period of three (3) months following such time and not thereafter.

11-8 The DISTRIBUTORS recognize and concedes for all purpose that the Samsung Trademarks, whether or not registered in the TERRITORY, are valid and are the exclusive property of SEASA, and that DISTRIBUTOR's right to use such Samsung Trademarks arises only out of this Agreement and is subject to the superior right of SEASA.

11-9 The DISTRIBUTORS agree that any rights arising out of its use of Samsung Trademarks shall belong to SEASA and not to DISTRIBUTORS.

11-10 SEASA shall have the exclusive right at its sole discretion to bring legal actions in the TERRITORY for trademark infringement with respect to any of the Samsung Trademarks. The DISTRIBUTORS will assist SEASA in any proceedings for the protection of any of the Samsung Trademarks when requested by SEASA or as may be required by local law.

11-11 The DISTRIBUTORS shall not apply for any registration with regard to any of the Samsung Trademarks in any country of the world including the TERRITORY.

11-12 Any patent, design or copyright embodied in the PRODUCTS shall be the sole property of SEASA, and DISTRIBUTORS shall not acquire any right to them by execution of this Agreement or performance thereunder or otherwise and shall not use any of them after termination of this Agreement.

## Article 12. Sub-distributors

- 12-1 In the event the DISTRIBUTORS wishes to appoint sub-distributors, it shall submit its proposed agreement to SEASA and get prior written consent thereof from SEASA. Any such proposed agreements must specifically require the sub-distributor or retail trader to be bound by the terms of this Agreement. In no event shall any such sub distributor or retail trader acquire any rights against SEASA and the DISTRIBUTORS hereby agrees to indemnify and hold SEASA harmless therefrom.

## Article 13. Reports

- 13-1 The DISTRIBUTORS shall discuss with SEASA certain matters related to its marketing activity when requested by SEASA and or DISTRIBUTORS deems it necessary, and shall furnish SEASA with adequate information related to its marketing activities provided that DISTRIBUTOR retain a right not to disclose certain trade secrets a its discretion.
- 13-2 The DISTRIBUTORS shall promptly bring to the notice of SEASA any information received by it which is likely to be of interest, use or benefit to SEASA relating to the marketing of the PRODUCTS in the TERRITORY.
- 13-3 The DISTRIBUTORS shall, from time to time, upon the request of SEASA submit to SEASA reports relating to the distributorship. Such reports shall be submitted at least quarterly and shall include information relating to its financial status inclusive of the latest Balance Sheet and Profit and Loss Statements, total sales, sales by PRODUCTS, sales by Province within the TERRITORY, percentage of returns by PRODUCTS category, remaining inventory of the DISTRIBUTOR and the DISTRIBUTOR's suggestions and recommendations as to the PRODUCTS and marketing thereof.

## Article 14. Term of Agreement

- 14-1 Except if terminated in accordance to what is provided in Article 15, this Agreement shall remain in effect for One Year, commencing on January 1, 2009 and expiring on December 31, 2009. This Agreement may be renewed or extended for additional period of one (1) year thereafter by mutual written agreement thereof between the parties within sixty (60) days prior to the relevant expiration of this Agreement
- 14-2 All the rights assigned to DISTRIBUTORS by SEASA in connection with this Agreement shall be reverted upon expiration or termination of this Agreement.

## Article 15. Termination

- 15-1 Any party shall have the right to terminate this Agreement, at any time, unconditionally and without cause by giving written notice to the other party within 30 day in advance.
- 15-2 SEASA shall have the right to terminate this Agreement at any time by giving written notice to DISTRIBUTORS of any material breach of the provisions of this Agreement incurred by DISTRIBUTORS, and with respect to which it fails to rectify such breach within thirty (30) days after the receipt of a notice in writing from SEASA requiring such rectification.  
Examples of breach by DISTRIBUTORS include but are not limited to the following:
- (a) Failing to pay SEASA owed moneys;
  - (b) Failing to adequately promote the PRODUCTS; or
  - (c) Unreasonably frequent delay in issuance of order and/or opening the letter of credit in accordance with Article 5-4 of this Agreement.

15-3 Any of the parties to this Agreement shall have the right to forthwith terminate this Agreement by giving written notice to the other party upon the occurrence of any of the following events.

a) When any of the parties to this Agreement becomes insolvent or a petition of bankruptcy or for corporate reorganization or for any similar relief is filed by or against the other party, or a receiver is appointed with respect to any of the assets of the other party, or liquidation proceeding is commenced by or against the other party.

b) When any of the parties to this Agreement assigns the whole or any substantial part of its business or assets to a third party by agreement, order of court or otherwise, or ceases to carry on its business.

c) When any of the parties to this Agreement winds up, either compulsory or voluntarily, or merges into another company, or when DISTRIBUTORS makes a change in the principal management.

15-4 In the event of this Agreement being terminated or expired for any reason whatsoever, the following shall apply:

a) The DISTRIBUTORS shall not be discharged or released from any debts or liabilities under this Agreement, which exist at the time of the expiration or termination.

b) The DISTRIBUTORS shall not make any financial demands upon SEASA for compensation for, or refund of, its service performed under this Agreement or refund of its expenses incurred from facilities and advertisement and others.

c) The DISTRIBUTORS shall not use any Trademarks or Trade names belonging to SEASA without written consent of SEASA except for the sale of its stocks remaining in its hands as specified in Section 11.7 hereof.

15-5 Upon expiration of this Agreement, SEASA shall have the option, but shall not be obligated, to repurchase from DISTRIBUTORS any PRODUCTS then in DISTRIBUTOR's inventory at the original cost to DISTRIBUTORS. DISTRIBUTORS shall then immediately ship such PRODUCTS to SEASA.

#### Article 16. Force Majeure

16-1 If the performance of any part of this Agreement is prevented, restricted or interfered with for any length of time by reason of governmental restrictions, war, civil commotions, riots, strike, lock out, lack of shipping space and acts of God such as typhoon, flood, fire or any other similar causes which are beyond the reasonable control of the parties hereto, the party so affected, upon giving prompt notice to the other parties, shall be excused from such delay or failure of performance to the extent of such prevention, restriction or interference and for such length of time. If such failure continues for a period of more than six (6) months, either party hereto shall have the rights to forthwith terminate this Agreement by serving a written notice to the other party.

## Article 17. Secrecy

17-1 During the terms of this Agreement and thereafter DISTRIBUTORS shall not disclose or divulge any information concerning the PRODUCTS or business affairs of SEASA (including but not limited to prices, discounts, terms and conditions of sales, customers, business affairs, PRODUCTS, or PRODUCTS specification) which it receives directly or indirectly from SEASA, or which it requires or develops in the course of its transactions with SEASA. (“Confidential Information”), unless required by regulatory agencies.

17-2 It is agreed that SEASA remains the owner of the Confidential Information, and DISTRIBUTORS can use such Confidential Information only for the purpose of performing under this Agreement. The obligation in this Section shall survive the termination of this Agreement for five (5) years. However, DISTRIBUTORS shall have no such non-disclosure obligations with respect to any portion of the received information which is now or which hereafter, through no act or failure to act on the DISTRIBUTOR’s part, becomes generally known or available.

## Article 18. Notice

18-1 Any notice, request, consent, offer or demand required or permitted under this Agreement must be in writing and must be sufficiently given if delivered in person or sent by registered airmail or cable confirmed by registered airmail, addressed as follows:

### SEASA

Address: Bouchard 547 – 3 Piso Ciudad Autonoma de Buenos Aires – Argentina

### DISTRIBUTORS

Address: Infosonics Corp – 4350 Executive Drive Suite#100, San Diego, CA 92121 EEUU  
Infosonics S.A. – Avda Ponce 1302, Montevideo - Uruguay

## Article 19. Waiver

19-1 The failure by either party to enforce any of the term or conditions of this Agreement shall not constitute a waiver of that party's right thereafter to enforce that or any other or condition of this Agreement.

## Article 20. Rights of Third Parties to this Agreement. Severability.

20-1 This Agreement and every term and condition thereof shall inure to the benefit of the parties, and shall be binding upon any successors to the parties, but neither party may assign this Agreement or any rights thereunder directly or indirectly, without the prior written consent of the other party. The nullity that might be determined as to any of the clauses will not affect the rest of the Agreement, which will stand in full force and effect in any aspect not affected by the nullity determined.

## Article 21. Governing Law.

21-1 This Agreement shall be governed by and construed in accordance with the laws of the State of New York, USA without reference to the principles of conflicts of law.

21-2 Any dispute, controversy or difference which may arise between the parties, out of or in relation to or in connection with this Agreement, or for the breach thereof shall be finally settled by arbitration in New York city, USA in accordance with the rules of arbitration of the American Arbitration Association whose award shall be final and binding upon both Parties.

21-3 This Agreement constitutes the entire agreement between the parties and supersede all previous agreement, negotiations and commitments in respect thereto, and shall not be changed or modified in any manner, except by mutual consent in writing of subsequent date signed by duly authorized representatives of each party to this Agreement.

## Article 22. Amendment

22-1 This Agreement may be amended only by a written instrument signed by duly authorized representatives of both parties and expressly stating that it is an amendment to this Agreement.

## Article 23. Headings

23-1 Heading of article and subsections of this Agreement are for convenience only and shall not be used in construing this Agreement.

## Article 24. Sales Meeting

24-1 Annual market and sales plans for the following one year shall be concluded at the end of each year by having a sales meeting at the place mutually agreed upon.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement as of the day and year first above written.

SAMSUNG ELECTRONICS  
ARGENTINA S.A.

By: Mr. Seung Koo Yeo  
President

INFOSONIC CORPORATION

By: Mr. Joseph Ram  
President

INFOSONIC S.A.

By: Mr. Joseph Ram  
President

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NOTICE OF HEARING ON PROPOSED SETTLEMENT OF DERIVATIVE ACTION

**TO: ALL CURRENT HOLDERS OF INFOSONICS CORPORATION COMMONSTOCK.**

**PLEASE READ THIS NOTICE CAREFULLY AND COMPLETELY. YOUR RIGHTS WILL BE AFFECTED.**

**THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF A SHAREHOLDER DERIVATIVE ACTION AND CLAIMS ASSERTED ON BEHALF OF INFOSONICS CORPORATION (“INFOSONICS” OR “THE COMPANY”).**

PURPOSE OF THIS NOTICE

This Notice is given pursuant to Rule 23.1 of the Federal Rules of Civil Procedure and by an Order of the United States District Court for the Southern District of California. The purpose of the Notice is to advise you that a shareholder derivative lawsuit is pending in that Court, and that the parties thereto have reached a proposed settlement (the “Settlement”) which would resolve the shareholder derivative action, brought on behalf of nominal defendant InfoSonics, and against defendants Joseph Ram, Jeffrey A Klausner, Joseph C. Murgo, Robert S. Picow, Kirk A. Waldron, Abraham G. Rosler and Randall P. Marx (collectively, the “Individual Defendants”). The terms and conditions of the proposed Settlement are summarized in this Notice and set forth in a Stipulation and Agreement of Settlement (the “Stipulation”). A Final Approval Hearing (defined below) will be held on April 23, 2009 at 3:00 p.m., before the Honorable Janis L. Sammartino, United States District Court for the Southern District of California, 940 Front Street, San Diego, California, 92101 to consider the fairness, reasonableness and adequacy of the Settlement, and the request for payment of attorneys’ fees and expenses to Plaintiffs’ Co-Lead Counsel (defined below). A copy of the Stipulation may be viewed on InfoSonics’ website at [www.infosonics.com](http://www.infosonics.com). The capitalized terms used herein and not otherwise defined are defined in the stipulation.

THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION BY THE COURT AS TO THE MERITS OF ANY CLAIMS OR ANY DEFENSES ASSERTED BY ANY PARTY IN THE DERIVATIVE ACTION, OF THE FAIRNESS, REASONABLENESS OR ADEQUACY OF THE PROPOSED SETTLEMENT.

DEFINITIONS

The terms in this Notice have the meaning set forth in the Stipulation of Settlement on InfoSonics’ website at [www.infosonics.com](http://www.infosonics.com), and include the following defined terms:

1. “Court” means the United States District Court for the Southern District of California.
2. “Derivative Action” means the Federal Derivative Action (defined below).
3. “InfoSonics Common Stock” means the common stock of InfoSonics.
4. “InfoSonics Shareholders” mean all current record owners of InfoSonics Common Stock.

5. "Judgment" means the proposed Final Judgment and Order of Dismissal to be entered approving the Settlement.

6. "Notice Order" means the proposed order setting the date for a Final Approval Hearing on the proposed Settlement, directing notice thereof, and preliminarily approving the Settlement and determining, for purposes of the Settlement only, that the Derivative Action is properly maintained on behalf of InfoSonics pursuant to Rule 23.1 of the Federal Rules of Civil Procedure.

7. "Plaintiffs' Co-Lead Counsel" means the law firms of Robbins Umeda, LLP (f/k/a/ Robbins Umeda & Fink, LLP) and Johnson Bottini, LLP.

8. "Settlement" means the settlement as set forth in the Stipulation

9. "Final Approval Hearing" means a hearing that will be held by the Court to consider whether the Settlement should be approved by the Court as fair, reasonable and adequate to InfoSonics and its shareholders, including Plaintiffs, and whether the Final Judgment and Order of Dismissal should be entered.

### **BACKGROUND OF THE DERIVATIVE LITIGATION**

10. Beginning on June 27, 2006, Plaintiffs each filed their respective shareholder derivative complaints on behalf of InfoSonics and against the Individual Defendants. By Order dated September 14, 2006, the Honorable Larry Alan Burns, to whom the derivative actions were initially assigned, consolidated the three actions under the above caption (the "Derivative Action") and appointed Caridad Miller and Jason Haggerty as Co-Lead Plaintiffs. The Court also approved Plaintiffs' choice of Co-Lead Counsel: Robbins Umeda, LLP (f/k/a/ Robbins Umeda & Fink, LLP) and the Johnson Law Firm (which subsequently became Johnson Bottini, LLP).

11. Plaintiffs filed their Consolidated Derivative Complaint on November 6, 2006 (the "Consolidated Complaint"). The Consolidated Complaint alleged wrongdoing by the Individual Defendants in connection with the Company's restatement of first quarter 2006 earnings and with respect to granting, exercising, accounting and reporting of the stock options that the Company granted in December 2005. Plaintiffs asserted claims for disgorgement under the Sarbanes-Oxley Act of 2002, violation of Section 14(a) of the Exchange Act, violation of California Corporations Code section 25403 and 25403, breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets, unjust enrichment and for an accounting. Plaintiffs sought unspecified damages, declaratory relief regarding the Sarbanes-Oxley Act of 2002, Section 14(a) of the Exchange Act, and the legality of stock options, a constructive trust, restitution, disgorgement, modification of certain corporate governance and internal procedures, extraordinary equitable and/or injunctive relief, costs, and such other relief as is just and proper.

12. On January 12, 2007, InfoSonics and the Individual Defendants filed a motion to dismiss for failure to make a demand on InfoSonics' Board of Directors (the "Board"), and a motion to dismiss for lack of standing and failure to state a claim. Plaintiffs filed their opposition to the motions to dismiss on March 26, 2007. On September 4, 2007, the Court entered its Order granting the Individual Defendants' motion to dismiss for failure to make a demand on the Board. The Court dismissed the Consolidated Complaint in its entirety with leave to file an amended complaint on or before October 5, 2007.

13. On September 27, 2007, the Derivative Action was reassigned to the Honorable Janis L. Sammartino for all further proceedings.

14. Subsequent to the reassignment of the Derivative Action, the Parties (as defined below) agreed to engage in settlement negotiations and submitted joint motions on October 2, 2007, December 13, 2007, February 28, 2008, June 2, 2008 and July 16, 2008 requesting additional time for Plaintiffs to file their amended complaint. The Parties' joint motions were granted by the Court on November 15, 2007, December 18, 2007, March 4, 2008, June 4, 2008 and July 21, 2008, respectively.

15. On August 11, 2008, the Parties submitted a joint motion to continue the status conference in the Derivative Action, having reached a settlement of the Derivative Action. The Court entered an Order on August 15, 2008 continuing the status conference pending the filing of the Parties' Stipulation of Settlement.

#### **TERMS OF THE SETTLEMENT**

16. In settlement of the Settled Claims, InfoSonics has agreed to implement and maintain certain corporate governance changes and maintain them in effect for at least five years from the Effective Date (as defined in the Stipulation) of the Settlement, except to the extent advisable or necessary to address changes in applicable state laws, federal laws and self-regulatory organization ("SRO") rules (such as NASDAQ). These governance enhancements are listed on the attached governance term sheet.

17. The Settlement calls for InfoSonics and Plaintiffs (on behalf of themselves, all InfoSonics shareholders and the Company) to release all Settled Claims against Released Parties (as defined in the Stipulation).

a. The release encompasses all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation (whether foreign or domestic), including both known claims and Unknown Claims (as defined in the Stipulation), accrued claims and not accrued claims, foreseen claims and unforeseen claims, matured claims and not matured claims, that have been or could have been asserted from the beginning of time to the date of the entry of the Final Judgment and Order of Dismissal in any forum by InfoSonics or any InfoSonics shareholder on behalf of InfoSonics against any of the Released Parties which arise out of or relate in any way to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, referred to or that could have been asserted in the Derivative Action or that arise out of or relate in any way to the resolution of the Derivative Action including this Stipulation and Settlement and any actions or inactions relating thereto.

b. "Unknown Claims" means any Settled Claim which any Plaintiff, InfoSonics or any InfoSonics shareholder does not know or suspect to exist on behalf of the Company at the time of the release of the Released Parties and which, if known by him, her or it, might have affected his, her, or its decision to enter into or not to object to this Settlement. Upon the Effective Date of the Settlement, with respect to the Settled Claims, InfoSonics and Plaintiffs shall expressly waive and relinquish to the fullest extent permitted by law, and all InfoSonics shareholders by operation of the Final Judgment and Order of Dismissal shall be deemed to have expressly waived and relinquished to the fullest extent permitted by law, the provisions, rights, and benefits conferred by Section 1542 of the California Civil Code as follows:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE  
CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR  
AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR  
HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH  
THE DEBTOR....**

and by any other law of any state or territory of the United States, or principle of common law, or of international or foreign law, which is similar, comparable or equivalent to Section 1542 of the California Civil Code.

18. The Released Parties are the Individual Defendants and each of their respective past, present or future directors, officers, employees, partnerships, partners, members, principals, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, advisors, banks or investment banks or bankers, analysts, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, executors, administrators, spouses, heirs, related or affiliated entities, any entity in which an Individual Defendant and/or any member of an Individual Defendant's immediate family has a controlling interest, any members of their immediate families, or any trust of which any Individual Defendant is the settler or which is for the benefit of any Individual Defendant and/or member(s) of his or her family any entity in which an Individual Defendant and/or member(s) of his or her family any entity in which an Individual Defendant and/or any member of an Individual Defendant's immediate family has a controlling interest, any members of their immediate families, or any trust of which any Individual Defendant is the settler or which is for the benefit of any Individual Defendant and/or member(s) of his or her family.

#### **PLAINTIFFS' COUNSEL'S POSITION CONCERNING SETTLEMENT**

19. Counsel for Plaintiffs have carefully considered and evaluated, among other things, the interests of InfoSonics in resolving the Derivative Action with as little disruption to the corporation's affairs as is consistent with securing relief, the relevant legal authorities and evidence to support the claims asserted against the Individual Defendants, the likelihood of prevailing on those claims, the Individual Defendants' respective abilities to pay any judgment, and the likely appeals and subsequent proceedings necessary if Plaintiffs were to prevail against the Individual Defendants. They have concluded that the proposed Settlement is fair, reasonable, adequate and in the overall best interests of InfoSonics and its shareholders.

#### **DEFENDANTS' POSITION CONCERNING SETTLEMENT**

20. The Individual Defendants and InfoSonics have denied and continue to deny that they engaged in any wrongdoing whatsoever, and the Individual Defendants deny that they have liability to InfoSonics as a result of any or all of the allegations contained in the Derivative Actions. InfoSonics and the Individual Defendants are entering into the Settlement in order to eliminate the burden, distraction, expenses and uncertainty of further litigation, and to undertake structural improvements in corporate governance that may benefit InfoSonics and its shareholders. InfoSonics believes that the Settlement is in its best interests and that of its shareholders.

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## **ATTORNEYS' FEES AND EXPENSES OF PLAINTIFFS' COUNSEL**

21. Plaintiffs' Co-Lead counsel have neither received any payment for work in connection with the Derivative Action, nor been reimbursed for out-of-pocket expenses. Plaintiffs' Co-Lead Counsel actively litigated the Derivative Action and participated in the settlement negotiations relating to the Derivative Action. Plaintiffs and their counsel were a substantial contributing factor in obtaining the agreed upon corporate governance reforms. Plaintiffs' Co-Lead Counsel intends to apply to the Court for approval of an award of fees and expenses in an amount not to exceed \$350,000 (the "Fee and Expense Award"). InfoSonics and the Individual Defendants have agreed not to oppose a request for Fees and Expenses up to \$350,000, if the proposed Settlement is approved by the Court.

## **CONDITIONS TO SETTLEMENT**

22. The Stipulation contains conditions, certain of which may be waived by InfoSonics, which must be satisfied for the parties to be required to complete the Settlement.

## **NOTICE OF HEARING ON PROPOSED SETTLEMENT**

23. A Final Approval Hearing will be held on April 23, 2009 at 3:00 p.m. before the Honorable Janis L. Sammartino, 940 Front Street, San Diego, California, 92101. The Final Approval Hearing is for the purpose of determining: (1) whether the proposed Settlement of the Derivative Action, as set forth in the Stipulation on file with the Court, should be approved by the Court as fair, reasonable and adequate to InfoSonics and its shareholders, including Plaintiffs; (2) whether a Final Judgment and Order of Dismissal should be entered releasing the Released Parties from the Settled Claims; and (3) whether Co-Lead Plaintiffs' Counsel's request for payment of attorneys' fees and reimbursement for expenses should be granted; and (4) any other matters that come before the Court.

24. The Court may adjourn the Final Approval Hearing by oral announcement at such hearing or any adjournment without further notice of any kind. The Court may approve the Settlement with or without modification, enter a Final Judgment and Order of Dismissal, and order the payment of the Fees and Expenses without further notice of any kind.

## **THE RIGHT TO BE HEARD AT THE SETTLEMENT HEARING**

25. Any InfoSonics shareholder may appear and show cause, if he, she or it has any reason why the Settlement of the Derivative Action embodied in the Stipulation should not be approved as fair, reasonable and adequate, or why a judgment should or should not be entered hereon, or why the Fees and Expenses should not be awarded; provided however, that no InfoSonics shareholder shall be heard or entitled to contest the approval of the proposed Settlement, or, if approved, the Order and Final Judgment to be entered hereon, unless that InfoSonics shareholder has caused to be filed written objections, stating all supporting bases and reasons for the objection; setting forth proof of current ownership of InfoSonics stock as well as documentary evidence of when such stock ownership was acquired; clearly identifying any and all witnesses, documents and other evidence of any kind that are to be presented at the Final Approval Hearing in connection with such objections; further setting forth the substance of any testimony to be given by such witnesses, and further identifying any case, by name, court and docket number, in which the objector, and his attorney, if any, has objected to a settlement in the last three years, with:

CLERK OF THE COURT

United States District Court for the Southern District of California

880 Front Street, Suite 4290  
San Diego, California, 92101

not later than fourteen (14) days prior to the Final Approval Hearing, and has served copies of all such papers at the same time upon the following by first-class mail:

Frank J. Johnson, Esq.  
Francis A. Bottini, Esq.  
JOHNSON BOTTINI, LLP  
655 West Broadway, Suite 1400  
San Diego, CA 92101  
Brian J. Robbins, Esq.  
Marc M. Umeda, Esq.  
Caroline A. Schnurer, Esq.  
David L. Martin, Esq.  
ROBBINS UMEDA, LLP  
610 West Ash St., Ste. 1800  
San Diego, CA 92101  
**Plaintiffs' Co-Lead Counsel**

Peter H. Benzian, Esq.  
Kimberly A. Hicks, Esq.  
LATHAM & WATKINS LLP  
600 West Broadway, Suite 1800  
San Diego, CA 92101  
**Counsel for InfoSonics and Individual Defendants**

Any current InfoSonics shareholder wishing to be heard at the Final Approval Hearing is required to include a notice of intention to appear at the Final Approval Hearing together with their written objection.

26. Any current InfoSonics shareholder who does not make his, her or its objection in substantially the manner provided in the preceding paragraph of this Order shall be deemed to have waived such objection and shall forever be foreclosed from: (i) making any objections to the fairness, adequacy, or reasonableness of the Settlement; or (ii) making any objections to the fairness and reasonableness of the Fee and Expense Award.

**FURTHER INFORMATION**

27. Further information regarding the Derivative Action and this Notice may be obtained by writing Plaintiffs' Co-Lead Counsel: Frank J. Johnson, Esquire or Francis A. Bottini, Esquire, JOHNSON BOTTINI, LLP, 655 West Broadway, Suite 1400, San Diego, California 92101; or Brian J. Robbins, Esquire, Marc M. Umeda, Esquire, Caroline A. Schnurer Esquire or David L. Martin, Esquire, ROBBINS UMEDA LLP, 610 West Ash Street, Suite 1800, San Diego, California 92101; or counsel for InfoSonics and Individual Defendants: Peter H. Benzian, Esquire or Kimberly A. Hicks, Esquire, LATHAM & WATKINS LLP, 600 West Broadway, Suite 1800, San Diego, CA 92101.

28. The pleadings and other records of the Derivative Action as well as the Stipulation filed with the Court may be examined and copied at any time during regular office hours at the Office of the Clerk, United States District Court for the Southern District of California, 880 Front Street, Suite 4290, San Diego, California, 92101. Additionally, the Stipulation, this Notice and certain other settlement related documents may be examined on InfoSonics' website: [www.infosonics.com](http://www.infosonics.com).

**Please Do Not Telephone The Court or The Clerk's Office Regarding This Notice.**

Dated: January 20, 2009

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

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## Governance Term Sheet

InfoSonics will agree to implement the following corporate governance changes and maintain them in effect for at least five years from entry of a court order approving the Stipulation, which has become final, except to the extent advisable or necessary to address changes in applicable state laws, federal laws, and self-regulatory organization ("SRO") rules (such as NASDAQ):

- (a) The Company's outside counsel shall be involved in all grants of stock options and be primarily responsible for the record keeping, resolutions, and minutes with respect to stock option grants.
- (b) The Company will change audit partners no less frequently than every five years.
- (c) Each Director of the Company will be encouraged to attend in person or telephonically at least 80% of all Board and committee meetings.
- (d) The Audit Committee may hire independent consultants who report directly to the Audit Committee at the Company's expense as the Audit Committee deems appropriate in its sole judgment.
- (e) The Company will ask its outside auditor to identify the stock option granting process as a "high risk" audit item and ask the outside auditor to conduct its audit accordingly.
- (f) The Audit Committee shall meet with the Company's outside auditor at least annually to discuss the Company's accounting for stock-based compensation.
- (g) The Company will request its Chief Executive Officer ("CEO") to increase the amount of time he spends meeting with the Company's outside auditor as part of the year-end audit process.
- (h) The Company's CEO will acknowledge, to the extent required by the current certifications in the Company's Form 10-Qs and 10-Ks, responsibility for the Company's accounting controls.
- (i) The Company shall revise its corporate governance principles, by-laws and/or articles of incorporation to the extent necessary to require that a majority of the members of the Board be independent. An "independent" director shall be defined by the SEC rules and/or the NASDAQ rules. Essentially, an independent director is one who:
  - (1) is not, and in the past five years has not been, employed by the Company or any of its subsidiaries or affiliates;
  - (2) does not receive, and in the past five years has not received, any remuneration as an advisor, consultant, or legal counsel to the Company or any of its subsidiaries, affiliates, executive officers, or directors;
  - (3) does not have, and in the past five years has not had, any contact or agreement with the Company or any of its subsidiaries or affiliates pursuant to which the director performed or agreed to perform any personal services for the Company;

(4) does not have, and in the past five years has not had, any relationship or engaged in any transaction with the Company or any of its subsidiaries or affiliates other than his or her service as a director;

(5) is not, and in the past five years has not been, affiliated with or employed by any present or former independent auditor of the Company or any of its subsidiaries or affiliates.

(6) is not, and in the past five years has not been, a director or executive officer of any Company for, which any executive officer of the Company serves as a director; and

(7) is not a member of the immediate family of a person who is not independent pursuant to subsections (1) to (6) above.

(j) The Company's Board shall establish a policy which requires the independent directors to meet in an executive session at least four times a year or at each formal, in-person meeting of the full Board, and require that the Board report to shareholders the number of such meetings held each year.

(k) The Company shall revise its corporate governance policy to require that an independent director sit on no more than three additional public company boards, and that the CEO of the Company and the Chairman of the Board each sit on no more than one other such board.

(l) Any Company stock option or other similar plan shall provide an objective, measurable and fair mechanism for pricing stock options.

(m) All future Company stock options or other similar plan ("Stock Option Plan") shall clearly define the exercise price, the grant date and the fair market value of stock (e.g., the closing price on a specified date, or the average closing price over a specified period). Subject to section n(2) below, in no event shall the exercise price or value of an award be determined by reference to the fair market value of the InfoSonics stock on a day other than the grant date of the award. The fair market value of InfoSonics stock on a grant date shall be the closing price for a share of common stock on such day as reported on the NASDAQ.

(n) Company Stock Option Plans shall provide:

(1) The exercise price for each option grant shall be at least 100 percent of the closing market price on the date of grant; and

(2) If the option grant is held close to an earnings release, the pricing of the grant shall be the closing price on the third trading day following the earnings release.

(o) Company Stock Option Plans shall comply with legal, professional and ethical requirements for proper disclosure and proper accounting and shall provide appropriate documentation for proper disclosure and accounting.

(p) The Company shall either instruct its outside counsel to file SEC Forms 3, 4, and 5 for requesting officers and directors in connection with Stock Option Plans, or else the Company's Stock Option Plan shall identify who is responsible for completing and filing SEC Forms 3, 4 and 5.

(q) The Company's process for granting executive non-cash compensation shall have the same transparency and be consistent with the process and methodology for determining executive cash compensation.

(r) The authority to grant stock option awards should be limited to the full Board or to a properly constituted Compensation Committee. If stock option awards are made by the Compensation Committee, no executive officer shall serve as a member of the Compensation Committee.

(s) As a general rule, all grants shall be made at a meeting of the InfoSonics Board or a properly constituted Compensation Committee, rather than by unanimous written consent. Corporate counsel shall be requested to attend any and all meetings where options are granted and shall promptly prepare minutes of the meeting.

(t) The Compensation Committee may not delegate authority to a sub-committee to grant stock options.

(u) The body authorized to grant stock options shall be specified in the Compensation Committee Charter and any current and/or subsequent equity incentive plan, whether subject to stockholder approval or not.

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