

m

LICENSE AGREEMENT

(ABLE/NARCONON INT--Marks)

THIS AGREEMENT is made this 29 day of December
1988, by and between:

ASSOCIATION FOR BETTER LIVING AND EDUCATION, a
California non-profit corporation having a place of business at
6331 Hollywood Boulevard, Hollywood, California 90028 (herein-
after referred to as "ABLE"), and NARCONON INTERNATIONAL, a
California non-profit corporation having a place of business at
~~1250 North Highland Avenue, No. 304, Los Angeles, California~~
3540 Wilshire Blvd, Suite 300
(hereinafter referred to as "NARCONON INT").

Recitals

A. Lafayette Ronald Hubbard (hereinafter referred to as
"LRH") is the discoverer and the developer of a certain philos-
ophy and techniques for bettering the condition of mankind and
establishing a civilization without war, crime or insanity, and
has described that philosophy and those techniques (hereinafter
referred to as "Hubbard Philosophy and Technology") in numerous
written and recorded spoken works (hereinafter referred to as
"the Hubbard Writings").

B. ABLE was formed for the purpose of supervising and coordinating the promotion and dissemination of the Hubbard Philosophy and Technology in secular fields by organizations formed to use the Hubbard Philosophy and Technology in those fields, and specifically for the purposes of (1) improving and revitalizing society, especially in the fields of education, drug rehabilitation and the rehabilitation of criminals, by the use and application of methods and information applicable to such purposes, (2) making training available to organizations with like purposes, (3) coordinating the activities of such organizations toward effective actions in such fields, and (4) ensuring that information and materials which are useful to the improvement of society in such fields are broadly disseminated.

C. ABLE is the owner of certain trademarks and service marks, including the mark "Narconon" and certain design marks (hereinafter "the Marks") for which one or more registrations have been obtained in some countries of the planet, and for which applications for registrations have been, or will be, made in other countries of the planet. A list of the Marks and registrations is attached as Exhibit 1.

D. NARCONON INT is an organization which uses the Hubbard Philosophy and Technology in secular fields, with emphasis on the field of drug rehabilitation and education, and has the responsibility of supervising and coordinating the use,

promotion and dissemination of the Hubbard Philosophy and Technology by organizations in this field.

E. ABLE and NARCONON INT wish to enter into a formal agreement defining the rights and responsibilities of each of them with respect to use of the Marks by NARCONON INT and organizations that are sublicensed by NARCONON INT.

Agreement

1. Recitals

The recitals are hereby made part of this Agreement and are acknowledged to be true.

2. Grant

a. ABLE hereby grants to NARCONON INT the nonexclusive right and license to use the Marks in connection with services in the field of drug rehabilitation and education, and on and in connection with approved products that are related to these services.

b. This grant includes the right of NARCONON INT to grant nonexclusive sublicenses to organizations who covenant and agree, in writing, to fulfill all of the obligations of this Agreement with respect to the Marks, including the obligation to use the Marks exclusively for purposes that are described in Section 501(c)(3). ABLE reserves the right to approve all sublicense agreements before they become effective.

c. This grant does not include any right to use the name of LRH, or any part thereof, in or as a trademark or service mark, and NARCONON INT expressly agrees not to do so. NARCONON INT may, however, use the name of LRH, and parts thereof, in accurate factual reference to him and to his works.

3. Consideration

The only consideration required of NARCONON INT and its sublicensees for the grant herein made by ABLE is the acknowledgement, as a condition of this license, of the prior and continuing commitment to the full and faithful performance of the promises made herein, particularly including the promise to actively use the Marks in advancing and disseminating the Hubbard Philosophy and Technology in accordance with the Hubbard Writings in NARCONON INT's field, and to promote and protect the Hubbard Philosophy and Technology under and in connection with the Marks and the name of LRH.

4. Control and Supervision

a. ABLE shall have the right to disseminate standards, specifications and guidelines for the proper use and display of the Marks, and for the proper non-trademark use of the name of LRH, and NARCONON INT and all of its staff and employees shall follow and abide by all such standards, specifications and guidelines.

b. NARCONON INT shall not use or associate any of, or permit the use or association of any of the Marks with any goods or services, or with any other activity, that is in conflict with or adverse to the Hubbard Philosophy and Technology, or the Hubbard Writings, and shall not use any of the Marks on or in connection with any matter that is not part of, or related to, the Hubbard Philosophy and Technology.

c. ABLE shall have the right to monitor all operations of NARCONON INT and its sublicensees with respect to use of, the Marks, inspect all books, records and facilities pertaining to use of the Marks, and receive sample specimens and summaries of literature, publications and products using the Marks, in reasonable numbers and with reasonable frequency to insure compliance with all standards, specifications and guidelines.

5. General Obligations of NARCONON INT

NARCONON INT agrees that:

a. NARCONON INT shall conduct its activities in accordance with the technical and ethical standards prescribed by the Hubbard Writings and in accordance with all standards, specifications and guidelines of ABLE pursuant to this Agreement.

b. NARCONON INT shall devote its best efforts and due diligence to the promotion and dissemination of the Hubbard Philosophy and Technology in the field of drug rehabilitation and education under the Marks.

6. Enforcement

a. ABLE is responsible for protection of the Marks and the name of LRH against any unauthorized or improper use, and shall have the final authority for such enforcement. NARCONON INT shall report to ABLE all unauthorized or improper use that comes to its attention, and shall render all assistance to ABLE that may be required in correcting or terminating such use.

b. NARCONON INT shall have direct responsibility for monitoring the use of the Marks and the name of LRH in NARCONON INT's field, and for determining whether any unauthorized or improper use is occurring in such field, but shall not initiate any enforcement action regarding the Marks or the name of LRH without the express written approval of ABLE.

c. If directed by ABLE, NARCONON INT shall take all necessary and proper action, including legal action if directed by ABLE, to protect the Marks against unauthorized or improper use in NARCONON INT's field. ABLE will join with NARCONON INT in such legal action, when necessary or appropriate. Costs of such legal action will be allocated between the parties in a reasonable manner to be agreed upon in view of the circumstances.

7. Indemnity

NARCONON INT acknowledges its full responsibility for the ethical and proper use of the Marks and the Hubbard Philosophy and Technology according to the Hubbard Writings, and covenants that neither it nor any of its staff or employees will make any claim against ABLE, the successors of LRH, or any person associated with ABLE. NARCONON INT shall indemnify and hold harmless ABLE and the successors of LRH, and all of ABLE's agents, employees, representatives, successors and assigns, from and against all liabilities, claims and actions of any kind, and costs, including attorneys' fees, which arise from or relate to the use of the Marks by NARCONON INT, or relate to or arise from any of the services or products associated with the Marks.

8. Names And Ownership

NARCONON INT acknowledges and agrees that:

a. This Agreement replaces and supersedes all previous agreements with NARCONON INT with respect to the Marks, and that NARCONON INT has no rights of any kind with respect to any of the Marks except the rights that are granted by this Agreement;

b. The Marks shall not become part of the assets of NARCONON INT, and all use by NARCONON INT of any of the Marks, in its name and otherwise, is and shall be pursuant to this Agreement alone, and shall support the ownership of the Marks by

ABLE with the same effect as if ABLE had itself made that use;
and

c. If this Agreement ever is terminated for any reason, NARCONON INT shall immediately cease all use of each of the Marks, in its name and otherwise, and shall forever refrain from further use of any of the Marks, unless and until formally reinstated hereunder.

9. Term and Termination

a. The first term of this Agreement shall extend from the date in the introductory paragraph hereof until December 31, 1992, and this Agreement shall be renewed automatically at the expiration of the first term and each additional term for successive additional five (5) year terms unless and until one of the parties gives notice of non-renewal within the ninety (90) days next preceding the expiration of any term, or unless sooner terminated in a manner provided herein.

b. In the event of failure by NARCONON INT (or any sublicensee of NARCONON INT) to perform any of its obligations under this Agreement, ABLE may, in addition to any other remedy it may have, terminate this Agreement as to the party that has failed to perform its obligations, by giving that party thirty (30) days written notice specifying the nature of the failure to perform, the identity of the party to be terminated, and the

intended effective date of termination, at least thirty (30) days later. The termination notice will be effective on the stated effective date unless, prior to that date, the failure to perform has been corrected.

c. At its discretion, ABLE may immediately suspend the right of NARCONON INT, or any sublicensee of NARCONON INT, to use any of the Marks if NARCONON INT or the sublicensee (1) has ceased using the Marks or (2) is misusing any of the Marks in a manner that places the validity or enforceability of any of the Marks in danger under applicable laws.

d. This Agreement shall terminate automatically as to NARCONON INT or any sublicensee of NARCONON INT which becomes bankrupt or insolvent or is liquidated or dissolved, or becomes controlled, directly or indirectly, by any individual or entity which, in the judgment of ABLE, is likely to compromise the charitable and equitable purposes of ABLE or the technical and ethical standards established by ABLE for use of the Marks.

e. If this Agreement ever is terminated as to NARCONON INT, ABLE may assume all of NARCONON INT's rights and responsibilities under sublicense agreements with sublicensees of NARCONON INT, or may terminate those sublicense agreements.

10. Lack of Agency

Neither party shall be deemed to be the agent, joint venturer, or partner of the other, and neither shall have the authority to act in behalf of the other in any matter, including acceptance of service of process.

11. Governing Law

This Agreement shall be interpreted according to the laws of the State of California, United States of America.

12. Assignability and Binding Effect

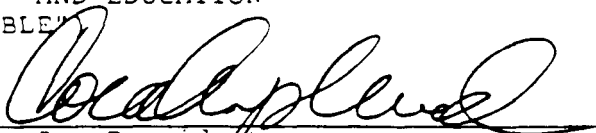
a. This Agreement is personal to NARCONON INT, and the rights and obligations hereunder shall not be assignable or otherwise transferrable by NARCONON INT, in whole or in part, without the prior written approval of ABLE. In the event of any attempted assignment or transfer by NARCONON INT of its rights under this Agreement, whether voluntary or involuntary, all rights of NARCONON INT with respect to the Marks shall immediately terminate.

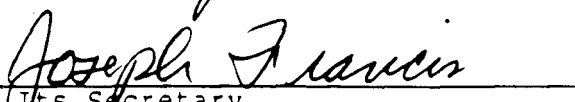
b. This Agreement shall be binding upon and for the benefit of the successors, assigns and legal representatives of ABLE.

c. Each reference to LRH shall be deemed to include all successors in interest of LRH.


Signed in duplicate at Los Angeles, California on the
date first above written.

ASSOCIATION FOR BETTER LIVING
AND EDUCATION
("ABLE")


Its President


Its Secretary

NARCONON INTERNATIONAL
("NARCONON INT")


Its President

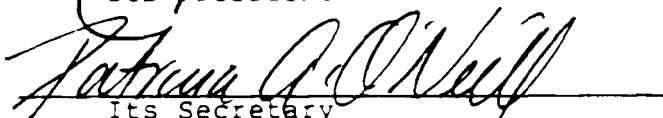

Its Secretary

EXHIBIT 1

<u>Mark</u>	<u>Application No./ Registration No.</u>	<u>Country</u>
NARCONON	1,114,872	Argentina
NARCONON	1,118,498	Argentina
NARCONON	811458849	Brazil
NARCONON	811458806	Brazil
NARCONON	811458830	Brazil
NARCONON	232,588	Colombia
NARCONON	232,529	Colombia
NARCONON	1,259,751	France
NARCONON	1,070,906	W. Germany
NARCONON	1,011,870	Great Britain
NARCONON	1,298,853	Great Britain
NARCONON	58248(A)	Israel
NARCONON	300,799	Mexico
NARCONON	300,800	Mexico
NARCONON	300,801	Mexico
NARCONON	053,398	Peru
NARCONON	002,688	Peru
NARCONON	224,368	Portugal
NARCONON	224,367	Portugal
NARCONON	224,366	Portugal
NARCONON	1,034,144	Spain
NARCONON	1,034,145	Spain
NARCONON	1,060,391	Spain
NARCONON Symbol	1,158,638	U.S.A.