

CO-MARKETING AGREEMENT

THIS AGREEMENT is made as of _____, 2003 (the "Effective Date") by and between A.V.M. Software, Inc., a New York corporation ("PalTalk") located at 213 W. 35th Street, New York, New York 10001 and, a [_____] corporation ("Reseller") having its principal place of business at _____.

1. DEFINITIONS. The following bolded terms shall have the following meanings:

"Intellectual Property" shall mean any and all of the following, throughout the universe, whether now known or hereafter known, and whether tangible or intangible: (i) rights associated with works of authorship, including but not limited to copyrights and moral rights; (ii) trademark, Internet domain name and trade name rights and similar rights, and all goodwill associated therewith; (iii) trade secret rights and other rights associated with confidential information and know-how; (iv) patents, designs, algorithms, processes and other industrial property rights; (v) data and database rights; (vi) all other intellectual property, industrial property and unfair competition rights of every kind and nature and however designated (including logos, "rental" rights and rights to remuneration), whether arising by operation of law, contract, license or otherwise; (vii) all registrations, applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force (including any rights in any of the foregoing) and (viii) any .

"PalTalk Plus" means any of PalTalk's™ subscription services that enable users to see moving images of other users with which they are communicating in groups.

"PalTalk Service" means PalTalk's™ real-time internet chat and voice and image service, as that service may be upgraded or otherwise modified from time-to-time at PalTalk's sole discretion.

"PalTalk Software" means the software proprietary to PalTalk, which enables Reseller Users to operate and utilize the PalTalk Service.

"PalTalk's URL" means the Uniform Resource Locator under which the PalTalk Service shall be delivered to Reseller Users.

"Reseller Chatroom" means any chatroom on PalTalk opened by Reseller for the purpose of encouraging users of the PalTalk Service in the Territory to pay for subscriptions to the PalTalk Plus service."

"Reseller's URL" means the Uniform Resource Locator specified by Reseller, which will provide a link to PalTalk's URL from which the PalTalk Service shall be downloaded by Reseller Users.

"Reseller Users" means an individual user of the PalTalk Service within the Territory who purchases from Reseller an account for the PalTalk Plus service during the term of this Agreement.

"Territory" means any of the countries listed on Exhibit A attached hereto and made a part hereof.

2. RESELLING OF PALTALK SERVICES

2.1 License to Resell PalTalk Plus Accounts and PalTalk Trademarks.

Subject to the provisions of this Agreement and the completeness and accuracy of the information provided by Reseller on the application form that is made a part of this Agreement, PalTalk hereby grants and Reseller accepts a non-exclusive, non-transferable, non-sublicensable license, which authorizes Reseller to (i) buy PalTalk Plus accounts in bulk and resell such accounts within the Territory, and (ii) translate the PalTalk Web site into arabic. Except as so authorized hereby, Reseller shall not copy, distribute, use or otherwise transfer or dispose of the PalTalk software.

2.2 Consideration. In consideration for marketing the PalTalk Software and buying PalTalk Plus accounts in bulk, Reseller shall be permitted to resell such accounts within the Territory at a price equal to not more than 150% of the then current subscription prices offered by PalTalk, or such other price as may then be determined by PalTalk in its sole discretion. Reseller shall deliver to PalTalk at the end of each month a schedule showing the number of subscriptions sold for such month, the nickname of each subscriber and the price paid for each subscription as well as any other information requested by PalTalk. Failure to provide such information shall be a breach of this Agreement by Reseller. Reseller shall be responsible for and shall bear the risk of collection of payment from Reseller Users; Reseller shall not be entitled to any refund, discount, rebate or any similar credit from PalTalk in the event Reseller is unable to collect any amount due from any Reseller User. PalTalk shall enable Reseller to have certain limited control over the PalTalk Plus accounts of Reseller Users, including for example, the ability to turn Reseller Users' nicknames blue and such other controls as PalTalk in its sole discretion may determine.

2.3 Discontinuation of Service. Reseller acknowledges and agrees that PalTalk may, at any time in its sole discretion for any reason or no reason at all, discontinue offering any of its products or services, or any part thereof.

2.4 Exclusion of All Other Rights. Except as expressly provided in this Section, Reseller is granted no rights or licenses whatsoever in or to PalTalk's Intellectual Property or any other PalTalk products, services or other PalTalk intellectual, proprietary or personal rights. No rights or licenses are granted to any Reseller affiliates.

2.5 No Reverse Engineering or Transfer. Without limitation to the foregoing Section 2.4, and except as expressly set forth in this Agreement, Reseller may not: (i) modify, or otherwise create any derivative intellectual property from PalTalk's

Intellectual Property; (ii) sublicense, lease, outsource or otherwise distribute or transfer in any way any of PalTalk's Intellectual Property to any third party; (iii) use PalTalk's Intellectual Property for the benefit of any third party; nor (iv) disassemble, decompile or otherwise reverse engineer any aspect or portion of PalTalk's Intellectual Property (except as expressly permitted by law).

2.6 Reseller is not Agent. Reseller shall not hold itself out as an agent for PalTalk and shall not make any agreement that shall purport to bind PalTalk in any way, except that PalTalk agrees that it shall provide the PalTalk Service to Reseller Users.

3. PROMOTION OF PALTALK SERVICES.

3.1 Promotion. Reseller shall encourage users of the PalTalk Service within the Territory to subscribe to the PalTalk Plus service. Reseller shall encourage subscriptions by providing a link to PalTalk's URL on Reseller's web site and shall incorporate such graphics, text and other materials into the Reseller Content, banner ads, pop-up ads, email or other means as Reseller may deem necessary or appropriate from time-to-time to promote the PalTalk Software, provided, however, that upon PalTalk's written request, Reseller shall discontinue any campaign that PalTalk deems to adversely affect its business, reputation, services or product. In addition, Reseller shall encourage subscriptions in the Reseller Chatroom.

3.2 Trademark. PalTalk™ is a proprietary trademark of PalTalk. Except as specifically set forth above, Reseller shall not use the PalTalk™ or any other trade or service mark or brandname proprietary to PalTalk (collectively, "Marks") without PalTalk's express prior written agreement. Subject to approval by PalTalk as contemplated above, during the term of this Agreement, PalTalk hereby grants to Reseller a worldwide, non-exclusive right to use and display the PalTalk trademark on its website in connection with the terms of this Agreement. Subject to approval by Reseller as contemplated above, during the term of this Agreement, Reseller hereby grants to PalTalk a worldwide, non-exclusive right to use and display Reseller's trademark, brand or other promotional material in the PalTalk Software and the PalTalk web. PalTalk is and shall continue to be the sole and exclusive owner of any and all copyright in the PalTalk Software.

4. OPERATION OF THE PALTALK SERVICE.

4.1 Operation. PalTalk shall be responsible for the PalTalk Software and any hardware, software and Internet connections required to operate the PalTalk Service. Notwithstanding anything to the contrary contained in this Agreement, PalTalk shall have the right to limit, discontinue and/or not to provide service to any Reseller User. All information obtained by PalTalk in connection with the use by Reseller Users of the PalTalk Service or PalTalk Plus service shall be owned exclusively by PalTalk. Reseller shall have no right to use or disclose or transfer to any third party any such information

4.2 Reseller Users Agreement. Prior to being permitted or able to use the PalTalk Service, all Reseller Users will be required to click through and agree to be bound by PalTalk's then current standard form of user agreement and Terms of Service, which PalTalk may amend from time to time in its sole discretion. A form of the user agreement can be found at www.paltalk.com. Without limiting any other remedies, PalTalk may terminate any Reseller Users' access to the PalTalk Services if such Reseller Users breach PalTalk's user agreement or Terms of Service. PalTalk reserves the right to place restrictions on access to the PalTalk Services including, at PalTalk's sole discretion, age and other Reseller Users eligibility requirements, and to promulgate, promote, comply with and obligate Reseller Users' to comply with policy guidelines governing the PalTalk Service including, without limitation, privacy guidelines and Terms of Service. PalTalk is not responsible for the manner in which Reseller Users utilize the PalTalk Service, and PalTalk acts as a passive conduit for their online use of the PalTalk Service. Reseller acknowledges and agrees, however, that PalTalk may take any action PalTalk deems reasonable or appropriate with respect to any such use.

5. PAYMENT TERMS.

5.1 Payment. Prior to or simultaneous with the executions and delivery of this Agreement, Reseller shall deposit with PalTalk the sum of Five Thousand United States Dollars (\$5,000 US), which shall be held by PalTalk in an account (the "Security Account"), proceeds from which shall be used to pay the cost of bulk purchases made by Reseller. PalTalk shall not permit Reseller to purchase any accounts unless there shall be not less than Two Thousand United States Dollars \$2,000 in the Security Account after taking account of all purchases then requested by Reseller. PalTalk shall have the right to deduct from the Security Account any amount owed to it under this Agreement by Reseller. In addition, Reseller agrees that it shall be charged and PalTalk shall be permitted to deduct from the Security Account a non-refundable administrative fee equal to Five Hundred United States Dollars (\$500 US)(the "Administrative Fee") for processing its application pursuant hereto.

5.2 Statements and records. At the end of each month, PalTalk shall e-mail or otherwise send to the other a statement showing the accounts of the Reseller Users and the outstanding. In the event a conflict between the records of PalTalk and Reseller, the PalTalk records shall govern.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS.

6.1 Mutual. Each Party represents and warrants to the other Party that: (i) it has the full corporate right, power and authority to enter into this Agreement and to perform its obligations hereunder; (ii) the execution of this Agreement and the performance of its obligations hereunder does not and will not conflict with or result in a breach (including with the passage of time) of any other agreement to which it is a party or by which it is bound; (iii) this Agreement has been duly executed and delivered by such Party and constitutes the valid and binding agreement of such Party, enforceable against such Party in accordance with its terms except to the extent that enforce ability is

limited by public policy or creditors' rights generally; (iv) it owns its respective Marks or has the right to grant the license hereunder; and (v) to the knowledge of each Party, each Party's respective Marks do not and will not infringe any Intellectual Property rights of any third party.

6.2 No Warranty. PALTALK PROVIDES AND RESELLER ACCEPTS THE PALTALK INTELLECTUAL PROPERTY "AS IS." PALTALK DISCLAIMS ALL WARRANTIES AND CONDITIONS OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF TITLE, NONINFRINGEMENT, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. PalTalk does not guarantee continuous, uninterrupted or secure Paltalk Service to Reseller clients or Reseller Users, and PalTalk is not liable if Reseller or any Reseller clients are unable to access the Paltalk Service or if the Paltalk Software otherwise fails to operate as intended. Each party acknowledges that it has not entered into this Agreement in reliance upon any warranty or representation except those specifically set forth herein. PalTalk is not responsible for the content of any message or other communication by any user of the PalTalk service.

6.3 Confidentiality. Each party acknowledges and agrees that it (and its subcontractor(s), if any), in performing its obligations under this Agreement, shall have access to or be directly or indirectly exposed to Confidential Information of the other. Each party shall hold confidential all Confidential Information and shall not disclose such Confidential Information to third parties or use the Confidential Information for any purpose other than as necessary to perform under this Agreement. In the event that either party is, pursuant to the reasonable advice of legal counsel, compelled by law to disclose Confidential Information of the other, such party shall provide the other with notice of such compelled disclosure and a reasonable opportunity to contest it and shall seek a protective order. As used herein, the term "Confidential Information" means any information, in whatever form, provided to that relates to the services, products, users or business of PalTalk that is not generally known to the public.

7. TERMINATION.

7.1 Term. This Agreement shall expire one year after the Effective Date, except that this Agreement shall automatically renew for additional one year terms unless either party provides the other party a written notice of termination at least 30 days prior to the expiration of the then applicable one-year term. Notwithstanding the foregoing, PalTalk may terminate this Agreement with or without cause upon thirty (30) days' written notice, in which event, PalTalk shall refund to Reseller the amount remaining in the Security Account, less any charges owed to PalTalk and less the Administrative Fee.

7.2 Termination for Breach. Either party may terminate this Agreement upon ten days' written notice in the event of (a) the other party's material breach of this Agreement if such breach continues uncured for 30 days after written notice, (b) the filing of a voluntary or involuntary bankruptcy petition by or against the other party, (c)

an admission by other for the benefit of creditors, or (d) the liquidation or dissolution of the other party.

7.3 Effect of Termination. Sections 2.5, 6.3 and 8 and the obligation to pay any unpaid amounts owed under this Agreement shall survive termination of this Agreement. In the event of a termination of this Agreement by PalTalk as a result of a breach by Reseller, in addition to any other remedy available to it, PalTalk may retain any amount then remaining in the Security Account.

8. LIMITATION OF LIABILITY; INDEMNIFICATION.

8.1 Limitation of Liability. IN NO EVENT SHALL PALTALK BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOST PROFITS, LOST DATA, WORK STOPPAGE, COMPUTER FAILURE OR MALFUNCTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR PROVIDING THE PALTALK SERVICES REGARDLESS OF THE THEORY OF LIABILITY (CONTRACT, TORT, INCLUDING NEGLIGENCE AND STRICT LIABILITY, OR OTHER THEORY), REGARDLESS OF WHETHER THE APPLICABLE PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. ANY LIABILITY OR PALTALK HEREUNDER SHALL BE LIMITED TO THE AMOUNT THEN REMAINING IN SECURITY ACCOUNT.

8.2 Indemnification. Reseller will defend, indemnify, save and hold harmless PalTalk and its affiliates and their respective officers, directors, agents, affiliates, and employees from any and all losses, liabilities, costs or expenses, including reasonable attorneys' fees and costs arising out of any claim, demand, action, suit, investigation, arbitration or other proceeding arising hereunder or in connection with the PalTalk Services.

9. GENERAL PROVISIONS.

9.1 Governing Law. This Agreement shall be governed in all respects by the laws of the State of New York as such laws are applied to agreements entered into and to be performed entirely within New York between New York residents. Both parties submit to the exclusive jurisdiction of the state and federal courts located in the State of New York, City of New York, Borough of Manhattan.

9.2 Severability; Headings. If any provision herein is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force without being impaired or invalidated in any way. Headings are for reference purposes only and in no way define, limit, construe or describe the scope or extent of such section.

9.3 Force Majeure. If performance hereunder is prevented, restricted or interfered with by any act or condition whatsoever beyond the reasonable control of a party, the party so affected, upon giving prompt notice to the other party, shall be excused from such performance to the extent of such prevention, restriction or interference. Each

party acknowledges that the operation of the other party's servers and web sites may be interfered with by numerous factors outside of that party's control.

9.4 Independent Contractors. The parties are independent contractors, and no agency, partnership, joint venture, employee-employer or franchisor-franchisee relationship is intended or created by this Agreement. Neither party shall make any warranties or representations on behalf of the other party and neither party shall make any covenant or agreement to or with any third person on behalf of the other.

9.5 Notice. Any notices hereunder shall be given to the appropriate party at the address specified above or at such other address as the party shall specify in writing. Notice shall be deemed given: upon personal delivery; if sent by fax, upon confirmation of receipt; or if sent by certified mail, postage prepaid, 5 days after the date of mailing. Notwithstanding the above, notices (including statements required in accordance with paragraph 5.2 above) may also be given by e-mail to the following addresses: if to Reseller at the email address set forth on the registration statement that is part of this application; if to PalTalk to Nancy@corp.paltalk.com and Bob@corp.paltalk.com, provided the same are sent subject to "received and read" confirmation, and receipt of the same shall be deemed effective as of the date sender receives such confirmation.

9.6 Assignment. Without the prior written consent of PalTalk, Reseller may not directly or indirectly assign or in any way transfer its rights or delegate its duties under this Agreement, whether through merger, consolidation, liquidation, stock purchase, asset purchase or otherwise of Reseller or any interest in Reseller. Any attempted assignment in violation of the foregoing shall be void and of no effect and shall be an irremediable breach of this Agreement. Subject to the foregoing, this Agreement is binding on the parties and their successors and assigns.

9.7 Entire Agreement; Waiver. This Agreement sets forth the entire understanding and agreement of the parties, and supersedes any and all oral or written agreements or understandings between the parties, as to the subject matter of this Agreement. This Agreement shall control over any conflicting provisions of any purchase order or other business form, and such conflicting provisions are expressly rejected. This Agreement may be changed only by a writing signed by both parties. The waiver of a breach of any provision of this Agreement will not operate or be interpreted as a waiver of any other or subsequent breach.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

A.V.M. Software, Inc:

Reseller:

By: _____

By: _____

Title: _____

Title: _____

Exhibit A
List of Countries in Territory

Bahrain
Egypt
Iran
Iraq
Jordan
Kuwait
Lebanon
Oman
Qatar
Saudi Arabia
Syria
United Arab Emirates
Yemen