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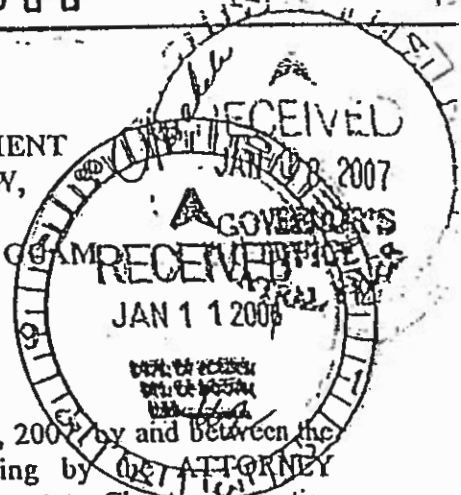
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Bureau of Budget &
Mgmt. Research.

PROFESSIONAL EMPLOYMENT AGREEMENT
BETWEEN THE DEPARTMENT OF LAW,
GOVERNMENT OF GUAM,
ACTING BY THE ATTORNEY GENERAL OF GUAM,
AND
JOHN PATRICK MASON, ESQ.



This Agreement, to be effective as of the 1st day of January, 2007, by and between the DEPARTMENT OF LAW, GOVERNMENT OF GUAM, acting by the ATTORNEY GENERAL OF GUAM, Alicia G. Limtiaco, duly authorized pursuant to Chapter V, section 14(d) of Public Law 28-150 (Sept. 30, 2006), with an office at 287 West O'Brien Drive, Hagåtña, Guam 96910 and John Patrick Mason (the "COUNSEL"), whose address is Post Office Box 3568, Hagåtña, Guam 96932.

WITNESSETH:

WHEREAS, the ATTORNEY GENERAL OF GUAM, pursuant to Section 1421g(d)(1) of the Organic Act of Guam (48 U.S.C.), is the Chief Legal Officer of the government of Guam and, pursuant to law, has cognizance of all legal matters, excluding the Legislative and Judicial Branches of the government of Guam, involving the Executive Branch of the government of Guam, its agencies, instrumentalities, public corporations, autonomous agencies and the Mayors Council; and

WHEREAS, all legal services required by the various officers, departments, and boards, specified above are to be performed by the ATTORNEY GENERAL OF GUAM or under her direction; and

WHEREAS, pursuant to Chapter V, section 14(d) of Public Law 28-150 (Sept. 30, 2006), the ATTORNEY GENERAL OF GUAM may procure such assistance as she may require; and

WHEREAS, the ATTORNEY GENERAL OF GUAM requires the professional services of an attorney at law to assist in representing the interests of the Territory of Guam with respect to special tax issues and complex civil litigation which may, from time to time, arise; and

WHEREAS, the nature of the legal services required are such that the ATTORNEY GENERAL OF GUAM has determined that special counsel with particular expertise in the subject areas is warranted; and

WHEREAS, the professional services of the COUNSEL have been made available to the ATTORNEY GENERAL OF GUAM, for the above stated purposes; and

In consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

SECTION 1: SCOPE OF SERVICES

1.1. The services to be performed by the COUNSEL shall consist of the following:

(a) Assisting, advising, representing and providing legal counsel to the Department of Law, government of Guam, and all aspects of any civil case, or cases that involve special tax issues and complex civil litigation that may arise from time to time involving the government of Guam, and any other duties and responsibilities that the ATTORNEY GENERAL OF GUAM may deem necessary and appropriate ("Services").

(b) Review, analysis, investigation and research necessary to carry out the Services.

(c) Preparing, writing and providing to the ATTORNEY GENERAL OF GUAM or her designee all documents and instruments, in electronic, magnetic, paper and any other form, which the COUNSEL or ATTORNEY GENERAL OF GUAM deem to be necessary or appropriate to carry out said Services.

(d) Negotiating and/or engaging in mediation, with the approval of the ATTORNEY GENERAL OF GUAM, with any and/or all parties necessary to carry out the Services.

(e) Making all court appearances and filings and representing the Territory of Guam in all actions, pending or threatened, suits, claims, investigations, legal, administrative, mediation or arbitration proceedings, whether at law or in equity, in any forum (collectively, "Actions") as determined to be necessary and/or appropriate in consultation with the ATTORNEY GENERAL OF GUAM and/or her designee.

(f) Being available upon the reasonable request of the ATTORNEY GENERAL OF GUAM to consult with the members and staff of any committee, board, bureau, institution, office, council, association, instrumentality, commission, department, agency and legislative body of the Territory of Guam, and with any other group or person designated by the ATTORNEY GENERAL OF GUAM.

SECTION 2: AGREEMENT ADMINISTRATION

2.1 The person in charge of administering this Agreement on behalf of the ATTORNEY GENERAL OF GUAM shall be ALBERTO E. TOLENTINO, Chief Deputy Attorney General, and his successors in office, whose address is as follows:

Office of the Attorney General of Guam

Department of Law
287 West O'Brien Drive
Hagåtña, Guam 96910

2.2 The person in charge of administering this Agreement on behalf of the COUNSEL shall be JOHN PATRICK MASON whose address is as follows:

Post Office Box 3568
Hagåtña, Guam 96932

SECTION 3: COMPENSATION AND REIMBURSEMENT

3.1 The ATTORNEY GENERAL OF GUAM agrees to compensate the COUNSEL for Services at the rate of Seventy-five dollars and 57/100 (\$75.57) for actual time devoted to performing the Services.

The time spent rendering Services shall be billed to the tenth of an hour within any single workday. The ATTORNEY GENERAL OF GUAM shall not be charged for any other time expended by the COUNSEL during travel, overnight stays, or the like associated with the performance of the Services.

3.2 Compensation will be paid only after the submission of itemized documentation, in a form acceptable to the ATTORNEY GENERAL OF GUAM, the Chief Deputy Attorney General or their respective designees. Billings are to be on a bi-weekly basis. The billings must contain, at a minimum, a detailed description of the work performed, the date of performance, the actual time spent performing the work, the name and position of the person(s) rendering the Service and the rate charged for that Service. The ATTORNEY GENERAL OF GUAM or her designee may, prior to authorizing payment under this Section, require the COUNSEL to submit such additional accounting and information as she deems to be necessary or appropriate. All bills must be sent to Office of the Attorney General, 287 West O'Brien Drive, Hagåtña, Guam 96910.

3.3 The ATTORNEY GENERAL OF GUAM agrees to reimburse the COUNSEL for actual, necessary and reasonable out-of-pocket disbursements and expenses, including filing fees, court costs, computerized research (at cost), commercial messenger and delivery services (at cost), expert witnesses, consultants, mediators, investigative services, long distance telephone calls, and transcript or deposition costs. The ATTORNEY GENERAL OF GUAM shall not reimburse the COUNSEL for any overhead related expenses, including, but not limited to, duplicating, secretarial, facsimile (other than long-distance telephone line charges), clerical staff, library staff, proofreading staff, meals and in-state transportation costs or expenses unless they are otherwise approved by the ATTORNEY GENERAL OF GUAM or her designee. The COUNSEL shall be reimbursed for reasonable expenses for transportation, specifically excluding first class airfare, parking and reasonable lodging and meals associated with interstate travel as approved in advance by the ATTORNEY GENERAL OF GUAM or her designee.

3.5 The ATTORNEY GENERAL OF GUAM shall approve for payment all undisputed fees and costs, as soon as the documentation can properly be processed in accordance with usual practice of the government of Guam.

3.6 The COUNSEL shall maintain accurate records and accounts of all expenditures under this Agreement as well as satisfactory evidence of payment to assure proper accounting. Such records and accounts shall be kept in the manner specified in subsection 7.4, and made available and furnished upon request to the ATTORNEY GENERAL OF GUAM or her designee until six (6) years after the termination of this Agreement.

3.7 Maximum compensation under this Agreement shall not exceed One Hundred Fifty-Seven Thousand One Hundred Eighty-Six Dollars (\$157,186.00).

3.8 The ATTORNEY GENERAL OF GUAM shall have the right, without the need of prior notice to the COUNSEL, to assign the performance of some aspect of the Services to an Assistant Attorney General where the ATTORNEY GENERAL OF GUAM, in her sole discretion, finds that such an assignment would best serve the interests of the Territory of Guam.

3.9 Compensation and reimbursement provided under this Section 3 constitutes full and complete payment for all costs and expenses incurred or assumed by the COUNSEL in performing this Agreement. No other costs, expenses or overhead items shall be reimbursed by the ATTORNEY GENERAL OF GUAM without the prior written approval of the ATTORNEY GENERAL OF GUAM or her designee.

SECTION 4: INDEPENDENT AGENT

4.1 The COUNSEL is not covered by the Government Claims Act. COUNSEL contracts herein with the Department of Law as an independent contractor, and is not an employee of the ATTORNEY GENERAL OF GUAM or the Department of Law for the purpose of performing the Services hereunder.

4.2 ~~The COUNSEL shall not be entitled to employee benefits provided under this contract such as health or life insurance, retirement benefits, vacation leave or sick leave, and there shall be no withholding of taxes by the Department of Law.~~

4.3 The COUNSEL assumes full responsibility for the payment of all contributions, payroll taxes, or assessments, territorial or federal, and further agrees to meet all requirements that may be specified under regulations of administrative officials or bodies charged with enforcement of any territorial or federal law on this subject.

SECTION 5. TERMINATION OF AGREEMENT BY THE ATTORNEY GENERAL

5.1 The ATTORNEY GENERAL OF GUAM, on written notice, may immediately suspend, postpone, abandon, or terminate this Agreement at any time and for any reason, including convenience, and such action shall in no event be deemed to be a breach of contract.

5.2 Upon receipt of written notification from the ATTORNEY GENERAL OF GUAM of termination, the COUNSEL shall immediately cease to perform the Services unless otherwise directed by the ATTORNEY GENERAL OF GUAM or to the extent necessary to prevent the Territory of Guam from failing to make timely filings or otherwise failing to comply with court orders or the law. The COUNSEL shall assemble all material that has been prepared, developed, furnished, or obtained under the terms of this Agreement, in electronic, magnetic, paper or any other form, that may be in his possession or custody, and shall transmit the same to the ATTORNEY GENERAL OF GUAM or her designee as soon as possible, and no later than the fifteenth day following the receipt of the above written notice of termination, together with a description of the cost of the Services performed to the date of termination.

SECTION 6: TERMINATION OF AGREEMENT BY THE COUNSEL

6.1 The COUNSEL, on thirty (30) days prior written notice to the ATTORNEY GENERAL OF GUAM, may terminate this Agreement.

6.2 On the effective date of termination, the COUNSEL shall immediately cease to perform the Services except to the extent necessary to prevent the State from failing to make timely filings or otherwise failing to comply with court orders or the law. The COUNSEL shall assemble all material that has been prepared, developed, furnished, or obtained under the terms of this Agreement, in electronic, magnetic, paper or any other form, that may be in its possession or custody, and shall deliver the same to the ATTORNEY GENERAL OF GUAM or her designee on or before the fifteenth day following the transmittal of the written notice of termination, together with a description of the cost of the Services performed to said date of termination.

SECTION 7: TIME OF PERFORMANCE

7.1 The COUNSEL shall perform the Services at such times and in such sequence as may be reasonably directed by the Attorney General of Guam, Chief Deputy Attorney General or their respective designee(s).

7.2 This Agreement will run from its effective date until the tasks set forth in Section 1 of this Agreement are performed or completed to the satisfaction of the ATTORNEY GENERAL OF GUAM, or unless sooner terminated in accordance with Sections 4 or 5 of this Agreement

SECTION 8: REPRESENTATIONS AND WARRANTIES

The COUNSEL represents and warrants to the ATTORNEY GENERAL OF GUAM that:

8.1 The COUNSEL has duly authorized the execution and delivery of this Agreement and the performance of the contemplated Services.

8.2 The COUNSEL will comply with all applicable territorial and federal laws in satisfying its obligations to the ATTORNEY GENERAL OF GUAM under and pursuant to this Agreement.

8.3 The execution, delivery and performance of this Agreement by the COUNSEL will not violate, be in conflict with, result in a breach of or constitute (with or without due notice and/or lapse of time) a default under any of the following, as applicable: (i) any provision of law; (ii) any order of any court or any administrative agency; or (iii) any indenture, agreement, document or other instrument to which it is a party or by which it may be bound.

8.4 The COUNSEL shall not copy or divulge to any third party any information or any data in any form obtained or produced in connection with the performance of its duties and responsibilities pursuant to this Agreement other than in connection with the performance of those duties and responsibilities. The COUNSEL shall insure that all confidential or privileged records are kept in secured areas and shall take reasonable precautions to protect the records in its custody from the dangers of fire, theft, flood, natural disasters and other physical threats, as well as unauthorized access.

8.5 The COUNSEL has performed a detailed conflict of interest check prior to performing any Services and, on or before the effective date of this Agreement, shall have reported the results to the ATTORNEY GENERAL OF GUAM. During the course of this Agreement, the COUNSEL shall not represent any other client if such representation will materially affect its duties or obligations to the Territory of Guam, the Department of Law, the government of Guam or the ATTORNEY GENERAL OF GUAM or create an appearance of impropriety. When there is a disagreement between the parties to this Agreement as to whether or not the COUNSEL has or may in the foreseeable future have a conflict of interest or there exists or may exist in the foreseeable future an appearance of impropriety, the ATTORNEY GENERAL OF GUAM'S determination shall be final and dispositive of the issue. Where the ATTORNEY GENERAL OF GUAM determines that the COUNSEL'S representation of any client constitutes a conflict of interest, or creates an appearance of impropriety, the COUNSEL shall, within five days of the posting of notice by the ATTORNEY GENERAL OF GUAM or her designee to the COUNSEL, withdraw from the representation of the client, unless such a withdrawal is barred by law or order of a court of competent jurisdiction or the ATTORNEY GENERAL OF GUAM waives such conflict. Nothing in this subsection shall be construed as restricting or otherwise limiting the COUNSEL'S rights under subsection 1 of this Agreement.

8.6 Unless the ATTORNEY GENERAL OF GUAM designates otherwise in writing, all information or data, in any form, and all papers, recordings, documents and instruments generated or collected by the COUNSEL, in the scope of his work under this Agreement shall be deemed to be the exclusive property of the Territory of Guam and no one else shall have any

right, including but not limited to, intellectual property rights, including copyright and trademark rights, in those items.

SECTION 9: STATUS REPORTS AND RECORDS

9.1 Upon written or oral request by the ATTORNEY GENERAL OF GUAM or her designee, the COUNSEL will promptly report on the status of the Services performed, including, but not limited to, problems, strategy, analysis and the like.

9.2 The above-described reports shall be provided in writing or orally, as directed by the person requiring a work status report.

9.3 The COUNSEL, upon the request of the ATTORNEY GENERAL OF GUAM or her designee, shall give to the ATTORNEY GENERAL OF GUAM or her designee for her permanent records all original documentation, or, in the sole discretion of the ATTORNEY GENERAL OF GUAM or her designee, copies thereof, filed in the course of, or arising out of, the COUNSEL'S performance of the Services. The COUNSEL shall otherwise maintain all original documentation, or copies thereof in the manner specified in subsection 8.4, for a period of six (6) years after the termination of this Agreement.

SECTION 10: INDEMNIFICATION

10.1 The COUNSEL shall indemnify, defend and hold harmless the Territory of Guam and its successors and assigns from and against all actions (pending or threatened and whether at law or in equity in any forum), liabilities, damages, losses, costs and expenses, including but not limited to reasonable attorneys' and other professionals' fees, resulting from (i) misconduct or negligent or wrongful acts (whether of commission or omission) of the COUNSEL or any of its members, directors, officers, shareholders, representatives, agents, servants, employees or other persons or entities under the supervision or control of the COUNSEL while rendering professional services to the State under this Agreement, or (ii) any breach or non-performance by the COUNSEL of any representation, warranty, duty or obligation of the COUNSEL under this Agreement. ~~This indemnity shall not be limited by reason of any insurance coverage required of the COUNSEL.~~ The ATTORNEY GENERAL OF GUAM shall provide timely notice to the COUNSEL of any such pending action.

10.2 The COUNSEL shall not use, raise, or plead the defense of sovereign or governmental immunity in the adjustment or settlement of any Actions against the COUNSEL arising out of the work performed under this Agreement, or as a defense in any Actions, unless specifically authorized to do so in writing by the ATTORNEY GENERAL OF GUAM or her designee.

SECTION 11: CHANGES TO THIS AGREEMENT

11.1 Any and all amendments, changes, extension provisions or discharges of this Agreement, in whole or in part, on one or more occasions shall not be invalid or unenforceable because of lack or insufficiency of consideration, provided, however, that such amendments, extensions, revisions, or discharges are in writing and executed by all the parties to this Agreement.

SECTION 12: REQUIRED PERSONNEL/OFFICE

12.1 On or before the effective date of this Agreement, the ATTORNEY GENERAL OF GUAM shall have secured, and shall maintain during the term of this Agreement, all at its sole cost and expense, adequate office space within the Office of the Attorney General of Guam, and with support staff, equipment and supplies as may be necessary for the COUNSEL to perform the Services.

SECTION 13: CONFIDENTIALITY

13.1 All of the reports, information, data, and other papers and materials, in whatever form, prepared or assembled by the COUNSEL under this Agreement are confidential, and the COUNSEL shall not make them available to any individual or organization, other than in connection with the performance of those duties and responsibilities, without the prior written approval of the ATTORNEY GENERAL OF GUAM or her designee.

SECTION 14: MISCELLANEOUS

14.1 This Agreement, its terms and conditions and Actions arising there from shall be governed by Guam law and Guam court decisions. Any dispute arising out of this Agreement shall be subject to the exclusive jurisdiction of the courts of Guam and the COUNSEL hereby waives any objection which it may now or hereafter have to the laying of venue of any Actions in any forum and further irrevocably submits to the jurisdiction of any of the courts of the Territory of Guam in any Actions.

14.2 The Parties each bind themselves, their partners, successors, assigns, and legal representatives with respect to all covenants of this Agreement.

14.3 This Agreement incorporates all the understandings of the parties and supersedes any and all agreements reached by the parties prior to the effective date of this Agreement, whether oral or written, and no alteration, modification or interpretation of this Agreement shall be binding unless in writing and duly executed by the parties.

14.4 If any provision of this Agreement, or application to any party or circumstances, is held invalid by any court of competent jurisdiction, the balance of the provisions of this Agreement, or their application to any party or circumstances, shall not be affected, but only if

the balance of the provisions of this Agreement would then continue to conform to the requirements of applicable laws.

14.5 The waiver of a term or condition by the ATTORNEY GENERAL OF GUAM or her designee shall not (i) entitle the COUNSEL to any future waivers of the same or different terms or conditions; (ii) impose any duties, obligations or responsibilities on the ATTORNEY GENERAL OF GUAM or any Department not already in the Agreement, as amended, modified or superseded; or (iii) subject the ATTORNEY GENERAL OF GUAM or the Territory of Guam or any department or agency thereof to any Actions.

14.6 References in the feminine gender shall also be construed to apply to the masculine and neuter genders, as the content requires.

14.7 Nothing in this Agreement shall be construed as a waiver or limitation of sovereign immunity by the Territory of Guam or the ATTORNEY GENERAL OF GUAM.

14.8 Any notice required or permitted to be given under this Agreement shall be deemed to be given when hand delivered or one (1) business day after pickup by Emery Air Freight, Airborne, Federal Express, or similar overnight express service, in either case addressed to the parties below:

If to COUNSEL:

John Patrick Mason, Esq.
Post Office Box 3568
Hagåtña, Guam 96932

If to the ATTORNEY GENERAL OF GUAM, the Chief Deputy Attorney General as set forth in subsection 2.1, and as follows:

Alberto E. Tolentino, Esq.
Office of the Attorney General
Department of Law
287 West O'Brien Drive
Hagåtña, Guam 96910

or in each case to such other person and/or address as either party may from time to time designate by giving notice in writing to the other party. Telephone and facsimile numbers are for informational purposes only. Effective notice will be deemed given only as provided above.

14.9 The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope of content of any of its provisions.

14.10 Time is of the essence in this Agreement.

07-008

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

JOHN PATRICK MASON

1-3-07
Date

By: John Patrick Mason

TERRITORY OF GUAM

1/3/07
Date

By: Alicia G. Limtiaco
Alicia G. Limtiaco
Attorney General

CERTIFIED FUNDS AVAILABLE:
Amount: \$157,186
Account No: 5100A071100GA001-230
Document No: 6071100007

APPROVED AS TO FORM:

[Signature]
Certifying Officer, ALBERTO TOLENTINO
VENDOR NO: 3M521131
Date: 04 JAN 2007

[Signature]
ALBERTO TOLENTINO, CHIEF DEPUTY ATTY. GEN.
Date: 1/4/07

APPROVED: CLEARED PER
BBMR'S REVIEW
Carlo P. Bordallo

APPROVED: [Signature]

CARLOS P. BORDALLO
Director, Bureau of Budget and
Management Research
Date: JAN 05 2007

Michael W. Cruz, M.D.
Acting Governor of Guam
Date: 9 JAN 2007

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CERTIFICATION

For Professional Services Agreement
Between Office of the Attorney General of Guam and
With John Patrick Mason

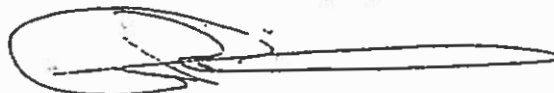
On behalf of the Attorney General of Guam, the undersigned Chief Deputy Attorney General does hereby certify on this 1st day of January, 2007, that the contract identified above is entered into because it is impracticable for the civil service attorneys in the Department of Law to handle special tax issues and complex civil litigation that the office has been involved with. The Office of the Attorney General represents the Department of Revenue and Taxation and will be involved in the research of numerous tax issues and other issues involving the Tobacco Litigation.

John Patrick Mason has been a practicing attorney for thirty-six years. He was an administrative law judge for the Oregon Department of Revenue for nine years. In this position, he prepared decisions on Oregon tax cases that came before him. Mr. Mason was in the private practice of law in Oregon for five years. In this position, he handled tax matters and civil litigation cases.

Mr. Mason was employed in the Guam Attorney General's office for nineteen years. He was legal counsel for the Guam Department of Revenue and Taxation for two years. He was also the Deputy Attorney General supervising the Litigation Division of the office of the Attorney general for ten years. While in this position, Mr. Mason represented the government of Guam in complex litigation cases. On behalf of the Guam Attorney General, Mr. Mason successfully argued, before the United States Supreme Court, a \$100,000,000 civil rights action against the government of Guam. While in the private practice of law on Guam, Mr. Mason represented corporate clients in complex litigation.

Therefore, Mr. Mason is uniquely qualified to assist the office of the Attorney General in tax issues and complex civil litigation.

~~This certification is made to satisfy the requirements of P.L. 28-150-V:14(d)~~
Pursuant to this law, copies of the contract along with this Certification will be filed with the Chief Procurement Officer and the Division of Accounts at the department of Administration.



ALBERTO E. TOLENTINO 04 JAN 2007
Chief deputy Attorney General
Office of the Attorney General of Guam

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Discount amount : : :
Prior reference : : :
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Vendor invoice : : :
Last payment date : : :
Job order : : :
Continuing agreement flag : : :
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