

**SETTLEMENT AGREEMENT
AND
MUTUAL RELEASE OF ALL CLAIMS**

This Settlement Agreement and Mutual Release of All Claims (hereinafter "AGREEMENT") is entered into as of June 24, 2002 by and between Jack Mador (hereinafter "MADOR") on the one hand, and USCL Corporation (hereinafter collectively "USCL") on the other. MADOR and USCL are hereinafter collectively referred to as the "PARTIES" or individually as a "PARTY."

RECITALS

A. In or about December, 2001, MADOR and USCL entered into an employment agreement effective January 1, 2002 ("Employment Agreement") which provides, among other things, that MADOR is an employee of USCL and that he would serve as USCL's president and Chief Operating Officer. Thereafter, a dispute arose among the PARTIES regarding the employment relationship between the PARTIES.

B. Hereinafter, the dispute between the PARTIES as outlined above shall be referred to as the "DISPUTE."

C. On June 24, 2002, the PARTIES participated in a mediation of the DISPUTE and consequently entered into a Stipulation for Settlement that is attached hereto and incorporated herein as Exhibit A. The PARTIES specifically anticipated that Exhibit A would be replaced by a more formal agreement acceptable to all PARTIES. This AGREEMENT constitutes the more formal agreement and incorporates Exhibit A and several additional contracts, all of which are attached as Exhibits hereto and incorporated herein. Except as otherwise stated herein, this Agreement and Exhibit A attached hereto supercedes and replaces the January 18, 2002 Employment Agreement save and except for Section 2.03 and 2.04 which will survive and continue until their natural expiration pursuant to the January 18, 2002 Agreement, and Option Agreement as described and modified herein. The "incubation agreement" of September 26,

2001 is void. Therefore, the PARTIES hereto desire to fully, finally, and forever resolve and compromise the DISPUTE as set forth below:

TERMS OF SETTLEMENT

1. SETTLEMENT TERMS

In consideration for the termination of MADOR's Employment Agreement, the PARTIES have agreed to the following:

(i) USCL shall pay to MADOR as and for consulting pay the sum of \$3,500 per month for three (3) months beginning July 1, 2002. Thereafter, USCL shall pay to MADOR the sum of \$1,750 per month beginning October 1, 2002 and thereafter on or before the 15th day of each month in which payments under this Section are due and ending December 1, 2004.

(ii) USCL shall pay to MADOR the notes dated November 27, 2001 and March 15, 2002 and back payments due him in the amount of \$18,500 to be paid as follows: an initial payment of \$4,000 which was timely paid on June 26, 2002 and monthly payments of \$2,500 commencing on August 15, 2002 and on or before the 7th day of each month thereafter until paid in full, such payments to accrue interest at the note rate of interest. As a condition to the payments set forth in this subparagraph (ii), USCL acknowledges the timely receipt of the executed Klebe subscription agreement.

(iii) MADOR may, at his sole option, continue as a director of USCL at least through December 31, 2004. In support of MADOR's directorship, five designated shareholders of USCL, together owning approximately 60% of the outstanding common stock of USCL, shall agree to the terms set forth in the Voting Agreement attached hereto and incorporated herein as Exhibit B.

(iv) Commencing in August 2002, MADOR, in consideration for the consulting pay authorized under this Agreement, shall provide up to fifteen (15) hours per month of professional services without additional charge, on an "as requested" basis and as authorized by the USCL Board of Directors. USCL must provide MADOR reasonable notice of the need for such services, a reasonable description of work to be performed and a reasonable timeframe

in which to accomplish such work. If USCL desires additional services from MADOR (in excess of 15 hours per month), it shall compensate MADOR at the rate of \$100 per hour. All such services must be expressly authorized by the USCL Board of Directors in advance. If less than 15 hours are utilized in any month, such unused time will not accrue to future months.

(v) Tom and Emily Tamarkin shall provide to MADOR the right to exercise stock options in an amount equal to 19% of the options previously granted in his Employment Agreement and as more fully set forth in the Stock Option Agreement attached hereto and incorporated herein as Exhibit C.

(vi) MADOR shall return to USCL all corporate books, records, accounting information, check books, account information, building keys and all other business materials relating to USCL no later than June 28, 2002. USCL acknowledges the timely receipt of the items set forth in this paragraph 1(vi).

(vii) MADOR shall complete the payroll tax reporting for USCL for the second quarter of 2002, ending June 30, 2002, such reporting was completed on June 28, 2002. Furthermore, MADOR shall execute the Confidentiality Agreement in the form currently used by USCL.

(viii) Both USCL (and its officers and directors) and MADOR shall cooperate with each other and use their/his best efforts to secure, promote and maintain good relations with USCL shareholders.

(ix) The PARTIES acknowledge that the "Incubation" Agreement dated September 26, 2001 is null and void.

(x) All payments or other consideration provided under the Agreement will be subject to a notice of default which must be in writing and delivered to the defaulting party by Federal Express or other means which provides receipt of delivery. The defaulting party shall have ten (10) days from the date of receipt of such notice of default to cure or resolve such default. Payments received after ten (10) calendar days notice of default shall incur a \$100

liquidated damage late charge which the Parties agree to be reasonable because it is impracticable to otherwise fix damages.

The above terms are intended to formalize those rights, duties and obligations set forth in the Stipulation for Settlement identified above.

2. MUTUAL RELEASE

USCL and MADOR, in consideration of the execution of this AGREEMENT, hereby release and forever discharge each other and Kirk S. Rimmer and the Law Offices of Arthur M. Traugh from any and all claims, damages, causes of the DISPUTE, obligations, debts, damages, suits, costs, fees, judgments and liabilities of every kind, nature and description, known and unknown that in any way grow out of, result from, or are in any way connected with the DISPUTE, or MADOR's employment by or relationship with USCL or any agent, representative or employee (past or present) of USCL. For purposes of this Release, the term USCL shall include its officers, directors and agents.

3. UNKNOWN CLAIMS AND WAIVER

3.1 Scope of Release. The PARTIES each acknowledge and agree that this mutual release applies to all claims for injuries, damages, or losses to itself, himself, and its or his property, real or personal (whether those injuries, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent) that each may have against the other, and each hereby waives application of California Civil Code section 1542.

3.2 The PARTIES mutually acknowledge that there is a risk that, subsequent to the execution of this AGREEMENT, they may discover, incur or suffer from claims which are currently unknown or unanticipated and which, if known, would have materially affected their decision to execute this AGREEMENT. The PARTIES acknowledge that they are assuming the risk of such unknown and unanticipated claims and expressly waive the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

4. OWNERSHIP OF CLAIMS

MADOR warrants and represents that he is the sole and lawful owner of all right, title and interest in and to all of the claims against USCL, including but not limited to the DISPUTE, and that MADOR is the sole owner of all claims released in this AGREEMENT and that he has not heretofore voluntarily or involuntarily, by operation of law or otherwise, assigned, transferred or otherwise conveyed or purported to assign, transfer or otherwise convey to any person or entity any such claim or any portion thereof. MADOR agrees to indemnify USCL for all expenses, including costs of defense and liability, if any person or entity attempts to assert the claims released herein against USCL or any of its officers, directors or agents.

5. COVENANT NOT TO SUE

The PARTIES agree not to sue each other, or in any way assist any other person or entity in suing the other PARTY, with respect to any claim released herein or any claim which the PARTIES brought or were required to assert against each other in the DISPUTE. This release may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the releases contained herein. The PARTIES hereto agree to indemnify and hold each other harmless from any and all claims, debts or liabilities, including attorneys' fees and costs, created as a result of a breach of this covenant.

6. ATTORNEYS' FEES IN THE EVENT OF DISPUTES

In the event that an action is brought for breach of this AGREEMENT, or to enforce this AGREEMENT, the prevailing party in any litigation, arbitration or other proceeding shall be entitled to recover from such other non-prevailing party all of his/its costs incurred in connection with such litigation, arbitration or proceeding, including without limitation, all of his/its attorneys' fees and costs and expert witness and/or consultant's fees and costs.

7. NO ADMISSION OF LIABILITY

Nothing contained herein shall be construed as an admission by any PARTY of any liability of any kind.

8. COUNTERPART ORIGINALS AND FAX SIGNATURES

This AGREEMENT may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and fax signatures shall have the same effect of originals

9. MODIFICATION ONLY IN WRITING

Neither this AGREEMENT nor any provision hereof may be changed, waived, discharged or terminated, save and except by an instrument in writing signed by the PARTY against whom enforcement of the change, waiver, discharge or termination is sought.

10. CHOICE OF LAW/CHOICE OF VENUE

This AGREEMENT shall be construed in accordance with, and shall be governed by, the procedural and substantive laws of the State of California. All actions arising out of or concerning the enforcement of this AGREEMENT shall be heard in the Superior Court of California, Sacramento County.

11. ATTORNEYS' FEES AND COSTS IN THIS DISPUTE AND FOR THIS AGREEMENT

Each PARTY shall bear his or its own respective attorneys' fees and costs in connection with the DISPUTE and this AGREEMENT.

12. ENFORCEMENT

By executing this AGREEMENT, the PARTIES acknowledge and agree that the AGREEMENT is enforceable pursuant to California Code of Civil Procedure Section 664.6 or by any other procedure permitted by law in the Superior Court of Sacramento County. The prevailing party on any such motion shall be entitled to an award of reasonable attorneys fees and costs.

13. CONFIDENTIALITY

The PARTIES hereto agree not to disclose the contents of this AGREEMENT, or the

nature or amount of stock options given by USCL to MADOR, to anyone except their immediate family or others with a legal need to know, performing authorized due diligence, or if compelled by law. If MADOR receives a subpoena or other legal document compelling disclosure of any of the terms of the AGREEMENT, he shall immediately notify USCL so that USCL has notice and an opportunity to file any necessary objections or motions to prevent release of such information. If any PARTY is asked about the resolution of this matter or this AGREEMENT, the only allowable response is, "the dispute between MADOR and USCL has been amicably resolved to the satisfaction of all parties and MADOR will remain a Board member."

14. SEVERABILITY

In the event that any covenant, condition or other provision herein contained is held to be invalid, void or illegal by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this AGREEMENT and shall in no way affect, impair, or invalidate any other covenant, condition or provision herein contained. If such condition, covenant or other provision shall be deemed invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by law.

15. ENTIRE AGREEMENT

This AGREEMENT and its attachments constitute the complete, total, and final agreements between the PARTIES, all oral agreements being merged herein, and supersedes all prior written agreements, statements, discussions, promises, and representations. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the PARTIES relating to the subject matter of this AGREEMENT that are not fully expressed herein.

16. EFFECTIVE DATE

This AGREEMENT is effective as of June 24, 2002. The PARTIES hereto, once having signed this AGREEMENT, agree to be bound by all of its terms and provisions.

17. REPRESENTATIVE CAPACITY

Each PARTY executing this AGREEMENT in a representative capacity warrants that he or she has full authority to bind his or her principal to this AGREEMENT.

THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE READ THIS ENTIRE AGREEMENT, UNDERSTAND IT, AND ARE VOLUNTARILY ENTERING INTO IT.


Dated: 30th - Oct. 2002

JACK MADOR

By: Jack Mador.

Dated: NOVEMBER 25, 2002

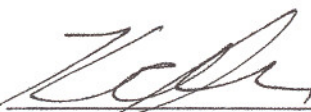
USCL CORPORATION

By: 
Its: PRESIDENT & CEO

APPROVED AS TO FORM:

Dated: 10/30/02

ARTHUR TRAUGH


Kirk Rimmer

Dated: _____

WEINTRAUB GENSHLEA CHEDIAK SPROUL

Charles L. Post