

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

GLOBAL DIGITAL SOLUTIONS INC

Form: 8-K

Date Filed: 2015-11-05

Corporate Issuer CIK: 1011662

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): **October 23, 2015**

Global Digital Solutions, Inc.

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction
of incorporation)

000-26361

(Commission
File Number)

22-3392051

(IRS Employer
Identification No.)

**777 South Flagler Drive, Suite 800 West
West Palm Beach, Florida 33401**

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (561) 515-6163

N/A

(Former name or former address, if changed since last report)

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 (see General Instruction A.2. below):

- 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.

Revenue Based Factoring Agreement

On October 23, 2015, North American Custom Specialty Vehicles, Inc. ("NACSV"), a wholly-owned subsidiary of Global Digital Solutions, Inc. ("GDSI") entered into a Revenue Based Factoring Agreement (the "Factoring Agreement") with Power Up Lending Group, Ltd. ("Power Up"). The Factoring Agreement was guaranteed by GDSI under the terms of a Security Agreement and Guaranty ("the Security Agreement").

Under the terms of the Factoring Agreement, NACSV, as Merchant, agreed to transfer to Power Up in consideration of the purchase price of \$50,000.00, all of the Merchant's future receipts, accounts, contract rights and other obligations arising from or relating to the payment of monies from Merchant's customers and/or other third party payors (collectively the receipts) at the specified percentage of 24% until such time as a total of \$69,000.00 is repaid. A specified daily repayment amount of \$547.62 is required to be made to Power Up as a base payment to be credited against the specified percentage due. The Factoring Agreement shall have an indefinite term that shall last until all of the Merchant's obligations to Power Up are fully satisfied. GDSI used the purchase price proceeds to satisfy fund operations.

The Factoring Agreement contains certain protections against default, including prohibiting NACSV from changing its arrangement with its bank in any way that is adverse to Power Up and NACSV interrupting the operation of its business, among others. Events of default include: (i) the violation of any term or covenant under the agreement, (ii) the failure of NACSV to pay its debts when due and (iii) the transfer or sale of all or substantially all of NACSV's asset, amount others.

The foregoing descriptions of the Factoring Agreement and the Security Agreement are summaries, and are qualified in their entirety by reference to such documents, which are attached hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Revenue Based Factoring Agreement dated October 23, 2015
10.2	Security Agreement and Guaranty dated October 23, 2015

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.

Date: November 5, 2015

Global Digital Solutions, Inc.

By: /s/ Jerome J. Gomolski
Jerome J. Gomolski
Chief Financial Officer



Agreement Dated October 23, 2015

Agreement Number PLG-1295

REVENUE BASED FACTORING AGREEMENT between POWERUP LENDING GROUP, LTD. ("POWERUP") and the Merchant listed below ("Merchant").

MERCHANT INFORMATION

Merchant (Business Name): North American Custom Specialty Vehicles, Inc., a DE corporation d/b/a RACS Vehicles, Inc., a subsidiary of Global Digital Solutions, Inc., a NY corporation
Owner (Guarantor): Jerome J. Gomolski and Global Digital Solutions, Inc.
Type of entity: Corporation State of Incorporation/Organization: Delaware Date business started: 1995
Business Address: 884 Washburn Road, Building B
City: Melbourne State: Florida Zip: 32934 Federal ID#: 47-3182280

PURCHASE AND SALE OF FUTURE RECEIPTS

Merchant hereby sells, assigns and transfers to POWERUP as the lead purchaser for itself (making POWERUP as the absolute owner) in consideration of the funds provided ("Purchase Price") specified below, all of Merchant's future receipts, accounts, contract rights and other obligations arising from or relating to the payment of invoices from Merchant's customers under their terms and conditions (collectively the "Receipts") defined as all payments made by cash, check, electronic transfer or other form of monetary payment in the ordinary course of the merchant's business, and such items as the "Receipts Purchased Amount" has been defined by Merchant to POWERUP. The Receipts Purchased Amount shall be paid to POWERUP by the Merchant immediately withholding only one depositing account acceptable to POWERUP (the "Account") to remit the percentage specified below (the "Specified Percentage") of the Merchant's Receipts, until such time as POWERUP receives payment in full of the Receipts Purchased Amount. In consideration of providing the account, the Merchant hereby authorizes POWERUP to ACH Debit the "Specified Daily Amount" from the merchant's bank account as the base payment credited against the Specified Percentage due. It is the Merchant's responsibility to provide bank accounts for any and all bank accounts held by the Merchant to receive the daily payments made against the Specified Percentage receiving POWERUP to debit or credit the difference to the merchant so that payment equals the Specified Percentage. Failure to provide all of their bank accounts in a timely manner or having a month that lacks all rights to future associations, POWERUP may, upon Merchant's request, adjust the amount of any payment due under this Agreement to POWERUP's sole discretion and as it deems appropriate in servicing this Agreement. Merchant understands that it is responsible for ensuring that funds adequate to cover amounts to be debited by POWERUP remain in the account. Merchant will be held responsible for any fees incurred by POWERUP resulting from a returned ACH except as to extent of Debit. (See Appendix A) POWERUP is not responsible for any overdraft or returned payments to the Merchant's account which may result from POWERUP's debited ACH debits under the terms of this agreement. Notwithstanding anything to the contrary in this Agreement or any other agreement between POWERUP and Merchant, upon the violation of any provision contained in Section 1.11 of the MERCHANT AGREEMENT TERMS AND CONDITIONS or the occurrence of an Event of Default under Section 7 of the MERCHANT AGREEMENT TERMS AND CONDITIONS, the Specified Percentage shall equal 100%. A list of all fees applicable under this agreement is contained in Appendix A.

\$50,000.00	24%	\$547.62	\$69,000.00
Purchase Price	Specified Percentage	Specified Daily Repayment Amount	Receipts Purchased Amount

Additional Documentation and Details: *less origination fee

Items Needed: .

*** Notwithstanding anything contained herein to the contrary, obtaining another Cash Advance or similar financing, secured or unsecured during the performance of this agreement shall constitute an Event of Default.*** THE TERMS, DEFINITIONS, CONDITIONS AND INFORMATION SET FORTH ON PAGE 2, THE "MERCHANT SECURITY AGREEMENT" AND "ADMINISTRATIVE FORM HEREOF ARE HEREBY INCORPORATED IN AND MADE A PART OF THIS MERCHANT AGREEMENT

MERCHANT North American Custom Specialty Vehicles, Inc., a DE corporation d/b/a RACS VEHICLES, INC., a subsidiary of Global Digital Solutions, Inc.	OWNER/GUARANTOR #1 GLOBAL DIGITAL SOLUTIONS, INC., a New Jersey corporation	OWNER/GUARANTOR #2	POWER UP LENDING GROUP, LTD.
 Jerome J. Gomolski, CFO	 Jerome J. Gomolski, CFO		Curt Kramer, CEO
Driver's License # _____		Driver's License # _____	

To the extent set forth herein, each of the parties is obligated upon his, her or its execution of the Agreement to all terms of the Agreement, including the Additional Terms set forth below. Each of above signed Merchant and Owner(s) represent that he or she is authorized to sign this Agreement for Merchant, legally binding said Merchant to repay this obligation and that the information provided herein and in all of POWERUP documents, forms and remittals received is true, accurate and complete in all respects. If any such information is false or misleading, Merchant shall be deemed in material breach of all agreements between Merchant and POWERUP and POWERUP shall be entitled to all remedies available under law. Merchant and each of the above signed Owners authorize POWERUP its agents and representatives and any credit reporting agency engaged by POWERUP to file, investigate any references given or any other statements or data obtained from or about Merchant or any of its Owners for the purpose of this agreement, and (b) release credit report as true information for as long as Merchant and/or Owner(s) continue to have any obligation owed to POWERUP. ANY MISREPRESENTATION MADE BY MERCHANT OR OWNER, IN CONNECTION WITH THIS AGREEMENT MAY CONSTITUTE A SEPARATE CAUSE OF ACTION FOR FRAUD OR INTENTIONAL FRAUDULENT INDUCEMENT TO OBTAIN FINANCING.

POWERUP, (i) release Merchant from its obligations to POWERUP, (ii) sell, release, input, waive or otherwise fail to realize upon any collateral securing the Guaranteed Obligations or any other guarantee of the Guaranteed Obligations, and (iv) forego on any collateral securing the Guaranteed Obligations or any other guarantee of the Guaranteed Obligations to a manner that impairs or precludes the right of Guarantor to obtain reimbursement for payment under this Agreement. Until the full amount of the Guaranteed Obligations or Merchant's other obligations to POWERUP under the REVENUE BASED FACTORING AGREEMENT and this Agreement are paid in full, Guarantor shall not seek reimbursement from Merchant or any other guarantor for any amounts paid by it under this Agreement. Guarantor permanently waives and shall not seek to exercise any of the following rights that it may have against Merchant, any other guarantor, or any collateral provided by Merchant or any other guarantor, for any amounts paid by it, or not performed by it, under this Agreement: (i) subrogation; (ii) reimbursement; (iii) performance; (iv) indemnification; or (v) contribution. In the event that POWERUP must, except any amount paid by Merchant or any other guarantor of the Guaranteed Obligations because that person has become subject to a proceeding under the United States Bankruptcy Code or any similar law, Guarantor's obligations under this Agreement shall include that amount.

Guarantor Acknowledgment. Guarantor acknowledges that: (i) He/She understands the seriousness of the provisions of this Agreement; (ii) He/She has had a full opportunity to consult with counsel of his/her choice and (iii) He/She has concluded with uncoerced of its choice or has decided not to avail himself/herself of that opportunity. **Joint and Several Liability.** The obligations hereunder of the person or persons constituting Guarantor under this Agreement are joint and several.

THE TERMS, DEFINITIONS, CONDITIONS AND INFORMATION SET FORTH IN THE "REVENUE BASED FACTORING AGREEMENT", INCLUDING THE "REVENUE BASED FACTORING AGREEMENT TERMS AND CONDITIONS", ARE HEREBY INCORPORATED IN AND MADE A PART OF THIS AGREEMENT. CAPITALIZED TERMS NOT DEFINED IN THIS AGREEMENT SHALL HAVE THE MEANINGS SET FORTH IN THE REVENUE BASED FACTORING AGREEMENT, INCLUDING THE REVENUE BASED FACTORING AGREEMENT TERMS AND CONDITIONS.

<p>MERCHANT North American Custom Specialty Vehicles, Inc., a DE corporation d/b/a NACS Vehicles, Inc., a subsidiary of Global Digital</p> <p><i>[Signature]</i> Jerome J. Samolick, CFO</p>	<p>OWNER/GUARANTOR #1 GLOBAL DIGITAL SOLUTIONS, INC., a New Jersey corporation</p> <p><i>[Signature]</i> Jerome J. Samolick, CFO</p> <p>Driver's License # _____</p>	<p>OWNER/GUARANTOR #2</p> <p><i>[Signature]</i></p> <p>Driver's License # _____</p>	<p>POWER UP LENDING GROUP, LTD.</p> <p><i>[Signature]</i> Curt Kramer, CEO</p>
---	---	--	---

APPENDIX A

NSF Charge \$ 50.00ea Up to FOUR TIMES ONLY before a default is declared

Rejected ACH \$100.00ea When the borrower directs the bank to reject our Debit ACH which shall constitute a default

Bank Default Charge \$ 2,500.00 As specifically set forth in the loan agreement

Default Charge \$5,000.00 As specifically set forth in the loan agreement

Borrower Initials *[Signature]*

5. REVENUE BASED FACTORING AGREEMENT TERMS AND CONDITIONS

- 1.1 **Deposit Verification.** Merchant shall provide POWERUP with the account upon which all of the information, substantiation necessary for verifying Merchant's receivables, receipts and deposits into the account. Merchant shall authorize POWERUP and/or its agents to debit the account used to POWERUP for the Receipts as specified herein from settlement amounts which would otherwise be due to Merchant by permitting POWERUP to withdraw the specific daily amount credited against the specified percentage by ACH debit of the Merchant account. The authorization shall be irrevocable without the written consent of POWERUP.
- 1.2 **Term of Agreement.** This Agreement shall have an indefinite term that shall have effect all of the Merchant's obligations to POWERUP are fully satisfied. This shall include but not be limited to any renewal, outstanding fees or costs.
- 1.3 **Future Purchases.** POWERUP reserves the right to reach the offer to make any purchase payments hereunder, in its sole discretion.
- 1.4 **Financial Condition.** Merchant and Guarantor(s) authorize POWERUP and its agents to investigate their financial responsibility and history, and will provide to POWERUP any bank or financial statements, tax returns, etc., as POWERUP deems necessary prior to or at any time after execution of this Agreement. A photocopy of this authorization will be deemed as acceptable for release of financial information. POWERUP is authorized to update such information and financial profiles from time to time as it deems appropriate.
- 1.5 **International History.** Merchant authorizes their bank to provide POWERUP with Merchant's banking or processing history to determine qualification or creditworthiness in this program.
- 1.6 **Indemnification.** Merchant and Guarantor(s) jointly and severally indemnify and hold harmless (honorably/blank, in effect, discharge and absolve) against all losses, damages, claims, liabilities and expenses (including reasonable attorney's fees) incurred by POWERUP for amounts owed to POWERUP from Merchant and (b) actions taken by POWERUP in reliance upon information or inaccurate provided by POWERUP.
- 1.7 **No Liability.** In no event will POWERUP be liable for any claims asserted by Merchant under any legal theory for lost profits, lost revenues, lost business opportunities, exemplary, punitive, special, incidental, indirect or consequential damages, each of which is waived by Merchant and Guarantor(s).
- 1.8 **Reliance on Terms.** Sections 1.1, 1.7, 1.8 and 2.5 of this Agreement are signed to for the benefit of Merchant, POWERUP and POWERUP, and notwithstanding the fact that POWERUP is not a party to this Agreement, POWERUP may rely upon their terms and make them a defense in any action.
- 1.9 **Sale of Receipts.** Merchant and POWERUP

agree that the Purchase Price under this Agreement is in exchange for the Purchased Amount and that such Purchase Price is not intended to be, nor shall it be construed as, a loan from POWERUP to Merchant. Merchant agrees that the Purchase Price is in exchange for the sale of future Receipts pursuant to this Agreement equal to the full market value of such Receipts. POWERUP has purchased and shall own all the Receipts described in this Agreement up to the full Purchased Amount as the Receipts are earned. Payment made to POWERUP in respect to the full amount of the Receipts shall be conditioned upon Merchant's sale of products and services and the payment thereof by Merchant's customer in the amount provided in Section 1.1. In no event shall the aggregate of all amounts so deemed as interest hereunder and charged or collected hereunder exceed the highest rate permissible at law. In the event that a court determines that POWERUP has charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by applicable law and POWERUP shall promptly refund to Merchant any interest received by POWERUP in excess of the maximum lawful rate, it being intended that Merchant not pay or contract to pay and that POWERUP not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Merchant under applicable law.

1.10 **Power of Attorney.** Merchant irrevocably appoints POWERUP as its agent and attorney in fact with full authority to take any action or execute any instrument or document to verify all obligations due to POWERUP from Merchant/Bank, or in the case of a violation by Merchant of Section 1.1 (3) or the occurrence of an event of Default under Section 4 hereof from Merchant, under this Agreement, including without limitation (i) to obtain and adjust insurance (ii) to collect monies due or to become due under or in respect of any of the Collateral, (iii) to receive, endorse and collect any checks, notes, drafts, instruments, documents or other paper in connection with these (i) or clause (ii) above; (iv) to sign Merchant's name on any invoice, bill of lading or assignment directing monies or account debits to make payment directly to POWERUP and (v) to file any claim or take any action or institute any proceeding which POWERUP may deem necessary for the collection of any of the unpaid Purchased Amount from the Collateral, or otherwise to enforce its rights with respect to payment of the Purchased Amount.

1.11 **Protections Against Default.** The following Protections 1 through 7 may be invoked by POWERUP immediately and without notice to Merchant in the event (a) Merchant changes its arrangements with Power/Bank in any way that is adverse to POWERUP, (b) Merchant changes the deposit account through which the Receipts are received, or permits any event to occur that could cause diversion of any of Merchant's transactions to another account; (c) Merchant interrupts the operation of the business (other than adverse weather, natural

disasters or acts of God) transfer, moves, sells, disposes, transfers or otherwise ceases its business or ceases without (i) the express prior written consent of POWERUP; and (ii) the written agreement of any partner or member to the assumption of all of Merchant's obligations under this Agreement pursuant to the assumption satisfactory to POWERUP; or (d) Merchant takes any action, fails to take any action, or offers any incentive-economic or otherwise-the result of which will be to induce any customer or customer to pay for Merchant's services with any means other than checks that are cashed through POWERUP. These protections are in addition to any other remedies available to POWERUP at law, in equity or otherwise pursuant to this Agreement. Protection 1. The full specified Purchase Amount plus all fees due under this Agreement and the related Security Agreement become due and payable in full immediately. Protection 2. POWERUP may enforce the provisions of the Personal Guarantee of Performance against the Guarantor(s). Protection 3. POWERUP may enforce its security interest in the Collateral identified in Article III hereof. Protection 4. The entire Purchase Amount shall become immediately refundable to POWERUP from Merchant. Protection 5. POWERUP may proceed to possess and enforce its rights and remedies by law, including but not limited to the granting the Confession of Judgment as a judgment with the appropriate Clerk of Court and certain courts. In any such lawsuit, in which POWERUP shall secure judgment against Merchant, Merchant shall be liable for all of POWERUP's costs of lawsuit, including but not limited to all reasonable attorney's fees and court costs. Protection 6. POWERUP may debit Merchant's depository accounts whenever authorized by means of ACH debit or financial signature on a computer generated check drawn on Merchant's bank account or otherwise.

1.12 **Protection of Information.** Merchant and each person signing this Agreement on behalf of Merchant as director or Owner, in respect of himself or herself personally, authorizes POWERUP to disclose information concerning Merchant's and each Owner's credit standing (including credit bureau reports that POWERUP obtains) and business contacts only to agents, affiliates, subsidiaries, and credit reporting bureaus. Merchant and each Owner hereby waives to the maximum extent permitted by law any claim for damages against POWERUP or any of its affiliates relating to any (i) investigation undertaken by or on behalf of POWERUP as permitted by this Agreement; or (ii) disclosure of information as permitted by this Agreement.

1.13 **Confidentiality.** Merchant understands and agrees that the terms and conditions of the product and system offered by POWERUP, including this Agreement and any other POWERUP documentation (collectively, "Confidential Information") are proprietary and confidential information of POWERUP. Accordingly to the extent it is required by law or court order, Merchant shall not disclose Confidential Information of POWERUP to any person other than an attorney, accountant, financial adviser or employer of Merchant.

who needs to know such information for the purpose of advising Merchant ("Addressee"), provided such Addressee uses such information solely for the purpose of advising Merchant and first agrees in writing to be bound by the terms of this Section 1.13.

1.14 **Publicity.** Merchant and each Owner may authorize POWERUP to use its, his or her name in a listing of clients and in advertising and marketing materials with their names without consent.

1.15 **DIRIALs.** Merchant hereby acknowledges and agrees that POWERUP may be using "direct business" or "DIRIAL" means in connection with various matters relating to the transaction between POWERUP and Merchant, including the filing of UCC-1 financing statements and other notices or filings.

1.16 **Delivery of Confession of Judgment.** Upon execution of this Agreement, if requested by POWER UP, Merchant shall deliver to POWER UP an executed Confession of Judgment, in the form provided by POWER UP in favor of POWER UP in the amount as set forth on the Confession of Judgment.

II. REPRESENTATIONS, WARRANTIES AND COVENANTS

Merchant represents, warrants and covenants that as of this date and during the term of this Agreement:

2.1 Financial Condition and Financial Information.

In bank and financial statements, copies of which have been furnished to POWERUP and future statements which will be furnished hereafter as the discretion of POWERUP, fairly represent the financial condition of Merchant as such dates, and since those dates there has been no material adverse change, financial or otherwise, in such condition, operation or ownership of Merchant. Merchant has a continuing affirmative obligation to advise POWERUP of any material adverse change in its financial condition, operation or ownership. POWERUP may request information at any time during the performance of this Agreement and the Merchant shall provide them to POWERUP within 5 business days. Merchant's failure to do so is a material breach of this Agreement.

2.2 **Governmental Approvals.** Merchant is in compliance and shall comply with all laws and law valid permits, regulations and licenses to own, operate and lease its properties and to conduct the business in which it is presently engaged.

2.3 **Authorizations.** Merchant, and the persons signing this Agreement on behalf of Merchant, have full power and authority to lease and perform the obligations under this Agreement, all of which have been duly ascertained.

2.4 **Insurance.** Merchant will maintain business interruption insurance naming POWERUP as loss payee and additional insured in amounts and against risks to its satisfaction to POWERUP and shall provide POWERUP proof of such insurance upon request.

2.5 **Intentionally omitted.**

2.6 **Change of Name or Location.** Merchant will not conduct Merchant's business under any name other than as disclosed in the Proximate and POWERUP in change any of its places of business.

2.7 **Daily Batch Out.** Merchant will batch out receipts with the Processor on a daily basis.

2.8 **Assignment Certifications.** Merchant will at any time and from time to time, upon at least one (1) day's prior notice from POWERUP to Merchant, execute, acknowledge and deliver to POWERUP under no any other person, power from or expiration specified by POWERUP, a statement certifying that this Agreement is unrevoked and in full force and effect (as if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and stating the date which the Particular Account or any portion thereof has been repaid.

2.9 **No Bankruptcy.** As of the date of this Agreement, Merchant does not concern itself and has not filed any petition for bankruptcy protection under Title 11 of the United States Code and there has been no involuntary petition brought or pending against Merchant. Merchant further warrants that it does not sue or file any such bankruptcy petition and it does not anticipate that an involuntary petition will be filed against it. In the event that the Merchant files for bankruptcy protection or is placed under an involuntary filing protection 2 and 3 are immediately invoked.

2.10 **Additional Financing.** Merchant shall not enter into any assignment, agreement or commitment for any additional financing, whether in the form of a purchase of receivables or a loan to the business with any party other than POWERUP without their written permission. A breach of this provision shall be an Event of Default.

2.11 **Unencumbered Receipts.** Merchant has good, complete and marketable title to all Receipts free and clear of any and all liabilities, liens, claims, charges, restrictions, conditions, options, rights, mortgages, security interests, equities, judgments and encumbrances of any kind or nature whatsoever or any other rights or interests that may be inconsistent with the transactions contemplated with, or adverse to the interests of POWERUP.

2.12 **Business Purpose.** Merchant is a valid business in good standing under the laws of the jurisdiction in which it is organized and/or operates, and Merchant is entering into this Agreement for business purposes and not as a consumer for personal, family or household purposes.

2.13 **Default Under Other Contracts.** Merchant's execution of and/or performance under this Agreement will not cause or cause an event of default by Merchant under any contract with another person or entity.

III. EVENTS OF DEFAULT AND REMEDIES

3.1 **Events of Default.** The occurrence of any of the following events shall constitute an "Event of Default" hereunder: (a) Merchant shall violate any term or covenant in this Agreement, (b) any representation or warranty by Merchant in this Agreement shall prove to have been untrue, false or misleading in any material respect when made, (c) Merchant shall admit in writing its inability to pay its debts, or shall make a general assignment for the benefit of creditors, or any proceeding shall be

initiated by or against Merchant seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, or composition of it, or its debts; (d) the making of notice of termination by Guarantor; (e) Merchant shall assign, lease, mortgage, transfer, pledge, encumber or otherwise dispose of all or substantially all of its assets; (f) Merchant shall make or send notice of any intended bulk sale or transfer by Merchant; (g) Merchant shall use multiple depository accounts without the prior written consent of POWERUP; (h) Merchant shall change its depository account without the prior written consent of POWERUP; (i) Merchant shall perform any act that reduces the value of any Collateral granted under this Agreement; (j) in the event that more than three (3) ACH Debits of the "specified Daily Amount" from the merchant's bank account are returned (not consummated) during the term of this Agreement; or (iv) Merchant shall default under any of the terms, covenants and conditions of this agreement or any other agreement with POWERUP.

3.2 **Remedies.** In case any Event of Default occurs and is not waived pursuant to Section 4.6.1 hereof, POWERUP on its own may proceed to protect and enforce its right or remedy by suit in equity or by action at law or both, without need for the specific performance of any covenant, agreement or other provision mentioned herein, or to enforce the discharge of Merchant's obligations hereunder (including the Financial Guarantor) or any other legal or equitable right or remedy including but not limited to the entering of the Confession of Judgment as a judgment with the appropriate Clerk of Court and enforce them. All rights, powers and remedies of POWERUP in connection with this Agreement may be invoked at any time by POWERUP, for the occurrence of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, power or remedies provided by law or equity.

3.3 **Costs.** Merchant shall pay to POWERUP all reasonable costs associated with (a) a breach by Merchant of the Covenants in this Agreement and the enforcement hereof, and (b) the enforcement of POWERUP's remedies as set forth in Section 4.2 above, including but not limited to court costs and attorney fees.

3.4 **Required Notifications.** Merchant is required to give POWERUP written notice within 24 hours of any filing under Title 11 of the United States Code. Merchant is required to give POWERUP written notice prior to the closing of any sale of all or substantially all of the Merchant's assets or stock.

3.5 **Default Charge.** Upon the occurrence of any Event of Default, and written notice to Merchant thereof, Merchant shall pay to POWERUP a default charge ("Default Charge") of \$1,000. This Default Charge shall be payable on demand and shall in addition to any other charges or penalties entitled within this Agreement, the Security Agreement or Guaranty.

3.6 **Bank Default Charge.** Merchant shall pay to POWERUP \$3,564.08 ("Bank Default Charge") in the event that Merchant (i) uses multiple bank accounts for deposits without

the prior written consent of POWER UP;
(2) change in Bank and/or Bank statement
without the prior written consent of POWER
UP, or (3) BLOCKS or otherwise restrict its
substantive bank account from use of the ACH.
Such Bank Default Charge (i) shall be due and
payable to POWER UP on demand; (ii) is not
exclusive of, and is cumulative with, any other
charge or amount paid or payable to POWER
UP by Merchant pursuant to this Agreement
or the Security Agreement and Guaranty; (iii)
shall not be considered as a waiver of any benefit
of Default hereunder or under the Security
Agreement and Guaranty or at otherwise
operating to reduce or limit POWER UP's
rights or remedies provided for hereunder;
under the Security Agreement and Guaranty or
at law or in equity.

3.7 Miscellaneous Service Fees. Borrower shall
pay certain charges for services related to the
origination and maintenance of accounts
including but not limited to NSF Charge,
Rejected ACH Charge, Bank Default Charge,
Blocked Account Charge and Default Charge
and which are specifically set forth in Exhibit
A attached hereto. All charges are subject to
change.

IV. MISCELLANEOUS

4.1 Modifications. Agreements. No modifications,
amendments, waiver or consent of any provision
of this Agreement shall be effective unless
the same shall be in writing and signed by
POWER UP.

4.2 Assignment. Merchant acknowledges and
understands that POWER UP is selling on its
own behalf. POWER UP may assign, transfer or
sell its rights to receive the Payment Amount
or delegate its duties hereunder either in whole
or in part.

4.3 Notices. All notices, requests, demands,
statements and other communications hereunder
shall be delivered by certified mail, return
receipt requested, to the respective party to
this Agreement at the address set forth in
this Agreement and shall become effective only
upon receipt.

4.4 Waiver Remedies. No failure on the part
of POWER UP to exercise, and no delay in
exercising, any right under this Agreement
shall operate as a waiver thereof, nor shall any
single or partial exercise of any right under
this Agreement preclude any other or further
exercise thereof for the exercise of any other
right. The remedies provided hereunder are
cumulative and not exclusive of any remedies
provided by law or equity.

4.5 Binding Effect. Governing Law, Venue and
Jurisdiction. This Agreement shall be binding
upon and inure to the benefit of Merchant,
POWER UP and their respective successors and
assigns. POWER UP reserves the right to assign
this Agreement with or without prior written
notice to Merchant. This Agreement shall
be governed by and construed in accordance
with the laws of the State of Virginia, without
regard to any applicable principles of conflicts
of law. Any suit, action or proceeding arising
hereunder, or the enforcement, performance

or breach hereof, shall, if POWER UP so elects,
be brought in any court sitting in Virginia,
(the "Acceptable Forum"). Merchant agrees
that the Acceptable Forum are convenient
to it, and submits to the jurisdiction of the
Acceptable Forum and waives any and all
objections to jurisdiction or venue. Should such
proceeding be initiated in any other forum,
Merchant waives any right to oppose any
motion or application made by POWER UP
to transfer such proceeding to an Acceptable
Forum.

4.6 Survival of Representations, etc. All
representations, warranties and covenants
herein shall survive the execution and delivery
of this Agreement and shall continue in full
force with all obligations under this Agreement
shall have been satisfied in full and this
Agreement shall have terminated.

4.7 Severability. In case any of the provisions
in this Agreement is found to be invalid,
illegal or unenforceable in any respect, the
validity, legality and enforceability of any other
provision contained herein shall not in any way
be affected or impaired.

4.8 Entire Agreement. Any provision hereof
prohibited by law shall be effective only
to the extent of such prohibition without
implying the remaining provisions hereof.
This Agreement and Security Agreement
together with the entire agreement between
Merchant and POWER UP and supersede all
prior agreements and understandings relating to
the subject matter hereof.

4.9 JURY TRIAL WAIVER. THE PARTIES
HEREBY WAIVE TRIAL BY JURY IN
ANY COURT IN ANY SUIT, ACTION
OR PROCEEDING ON ANY MATTER
ARISING IN CONNECTION WITH
OR IN ANY WAY RELATED TO THE
TRANSACTIONS OF WHICH THIS
AGREEMENT IS A PART OR THE
ENFORCEMENT HEREOF. THE PARTIES
HEREBY ACKNOWLEDGE THAT SUCH
MAKES THIS WAIVER KNOWINGLY,
WILLINGLY AND VOLUNTARILY AND
WITHOUT DURESS, AND ONLY AFTER
EXTENSIVE CONSIDERATION OF THE
RAMIFICATIONS OF THIS WAIVER
WITH THEIR ATTORNEYS.

4.10 CLASS ACTION WAIVER. THE PARTIES
HEREBY WAIVE ANY RIGHT TO
ASSERT ANY CLAIMS AGAINST THE
OTHER PARTY AS A REPRESENTATIVE
OR MEMBER IN ANY CLASS OR
REPRESENTATIVE ACTION, EXCEPT
WHERE SUCH WAIVER IS PROHIBITED
BY LAW AGAINST PUBLIC POLICY.
TO THE EXTENT EITHER PARTY IS
PERMITTED BY LAW OR COURT OF
LAW TO PROCEED WITH A CLASS OR
REPRESENTATIVE ACTION AGAINST
THE OTHER, THE PARTIES HEREBY
AGREE THAT: (1) THE PREVAILING
PARTY SHALL NOT BE ENTITLED TO
RECOVER ATTORNEY'S FEES OR COSTS
ASSOCIATED WITH PURSUING THE
CLASS OR REPRESENTATIVE ACTION
PROVIDED IN THIS AGREEMENT.

AND (2) THE PARTY WHO INITIATES OR
PARTICIPATES AS A MEMBER OF THE
CLASS WILL NOT SUBMIT A CLAIM
OR OTHERWISE PARTICIPATE IN ANY
RECOVERY SECURED THROUGH THE
CLASS OR REPRESENTATIVE ACTION.

4.11 Electronic Acceptance. Parties signature
shall be deemed acceptable for all purposes.

Initials _____ INITIAL HERE

Agreement Dated October 23, 2015Agreement Number PLG-1295

**POWER UP LENDING GROUP, LTD.
SECURITY AGREEMENT AND GUARANTY**

MERCHANT INFORMATION

Merchant (Business Name): North American Coast Specialty Vehicles, Inc., a DE corporation also known as NACSV, Inc., a subsidiary of Global Digital Solutions, Inc., a NJ corporationOwner (Guarantor): Jerome J. Gomolski and Global Digital Solutions, Inc.Type of entity: Corporation State of Incorporation/Organization: Delaware Date business started: 1995Business Address: 864 Washburn Road, Building BCity: Melbourne State: Florida Zip: 32834 Federal ID#: 47-3162280

SECURITY AGREEMENT

Security Interest. To secure Merchant's payment and performance obligations to POWERUP and its affiliates under the RECEIVABLES PURCHASE AGREEMENT (the "RECEIVABLES PURCHASE AGREEMENT"), Merchant hereby grants to POWERUP a security interest in (a) all accounts, check, paper, cash, digital accounts receivable, equipment, general intangibles, instruments, inventory, or investment property, or those items are defined in Article 9 of the Uniform Commercial Code of the State of California as amended (the "UCC"), now or hereafter owned or acquired by Merchant; and (b) all proceeds, as that term is defined in Article 9 of the UCC (as used collectively, the "Collateral").

Cross-Collateral. To secure Guarantor's performance obligations to POWERUP under this Security Agreement and Guaranty (the "Agreement"), Guarantor hereby grants POWERUP for itself, a security interest in _____ (the "Additional Collateral"). Guarantor understands that POWERUP will have a security interest in the aforesaid Additional Collateral upon execution of this Agreement.

Merchant and Guarantor each acknowledge and agree that any security interest granted to POWERUP under any other agreement between Merchant and Guarantor and POWERUP (the "Cross-Collateral") will secure the obligations hereunder and under the REVENUE BASED FACTORING AGREEMENT.

Merchant and Guarantor each agree to execute any documents or take any action in connection with this Agreement as POWERUP deems necessary to perfect or maintain POWERUP's first priority security interest in the Collateral, the Additional Collateral and the Cross-Collateral, including the execution of any account control agreements. Merchant and Guarantor each hereby authorize POWERUP to file any financing statements deemed necessary by POWERUP to perfect or maintain POWERUP's security interest, which financing statements may contain notification that Merchant and Guarantor have granted a negative pledge to POWERUP with respect to the Collateral, the Additional Collateral and the Cross-Collateral, and that any subsequent holder or lender may be deemed to be interfering with POWERUP's rights. Merchant and Guarantor shall be liable for and POWERUP may charge and collect all costs and expenses, including but not limited to reasonable attorney's fees, which may be incurred by POWERUP in protecting, preserving and enforcing POWERUP's security interest and rights.

Negative Pledge. Merchant and Guarantor each agree not to incur, issue, assume, or permit to exist, directly or indirectly, any additional cash advances, loans, lines of credit with respect to any of the Collateral, the Additional Collateral or the Cross-Collateral, as applicable without written permission of POWERUP.

Remedy. Upon any event of Default, POWERUP may pursue any remedy available at law (including those available under the provisions of the UCC), or its equity to collect, enforce, or satisfy any obligations then owing, whether by acceleration or otherwise.

GUARANTY

Personal Guaranty. The undersigned Guarantor(s) hereby unconditionally and absolutely guarantee to POWERUP and its affiliates, Merchant's payment and performance of all of the receivables, warranties, covenants made by Merchant in this Agreement and the REVENUE BASED FACTORING AGREEMENT, as each agreement may be revised, amended, corrected or otherwise modified (the "Guaranteed Obligations"). Guarantor's obligations are continuing and are due (i) at the time of any breach by Merchant of any representation, warranty, or covenant made by Merchant in this Agreement and the REVENUE BASED FACTORING AGREEMENT; and (ii) at the time Merchant admits its liability to pay its debts, or makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against Merchant seeking to adjudicate its bankruptcy or insolvency, or seeking reorganization, arrangement, adjustment, or composition of it or its debts.

Guarantee Waivers. In the event that Merchant fails to perform any obligation when due under the REVENUE BASED FACTORING AGREEMENT (the term of the notes, POWERUP may enforce its rights under this Agreement without first seeking actual payment from Merchant, any other guarantor, or any Collateral, Additional Collateral or Cross-Collateral POWERUP may hold pursuant to this Agreement or any other guaranty.

POWERUP does not have to notify Guarantor of any event of default and Guarantor will not be released from its obligations under this Agreement (i) if it is notified of any default including but not limited to: (1) Merchant's failure to pay timely any amount owed under the REVENUE BASED FACTORING AGREEMENT; (ii) any adverse change in Merchant's financial condition or business; (iii) any sale or other disposition of any collateral securing the Guaranteed Obligations or any other guarantee of the Guaranteed Obligations to POWERUP in violation of this Agreement; and (c) any renewal, extension or other modification of the REVENUE BASED FACTORING AGREEMENT or Merchant's other obligations to POWERUP. In addition, POWERUP may take any of the following actions without releasing Guarantor from any of its obligations under this Agreement: (1) amend or otherwise modify the REVENUE BASED FACTORING AGREEMENT or Merchant's other obligations to