

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Intellicell Biosciences, Inc.

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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): **May 21, 2013**

INTELLICELL BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

333-49388
(Commission File Number)

91-1966948
(I.R.S. Employer
Identification Number)

460 Park Avenue, 17th Fl
New York, NY 10022
(Address of principal executive offices) (Zip Code)

(646) 576-8700
(Registrant's telephone number, including area code)

- Written communication 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 40.13e-4(c))
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Item 1.01**Entry into a Material Definitive Agreement**

On May 21, 2013, the Supreme Court of the State of New York, County of New York (the "Court"), entered an order (the "Order") approving, among other things, the fairness of the terms and conditions of an exchange pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended (the "Securities Act"), in accordance with a stipulation of settlement (the "Settlement Agreement") between Intellicell Biosciences, Inc., a Nevada corporation (the "Company"), and Hanover Holdings I, LLC, a New York limited liability company ("Hanover"), in the matter entitled Hanover Holdings I, LLC v. Intellicell Biosciences, Inc., Case No. 651709/2013 (the "Action"). Hanover commenced the Action against the Company on May 10, 2013 to recover an aggregate of \$706,765.38 of past-due accounts payable of the Company, which Hanover had purchased from certain vendors of the Company pursuant to the terms of separate receivable purchase agreements between Hanover and each of such vendors (the "Assigned Accounts"), plus fees and costs (the "Claim"). The Assigned Accounts relate to certain construction, architectural, accounting, legal and financial services. The Order provides for the full and final settlement of the Claim and the Action. The Settlement Agreement became effective and binding upon the Company and Hanover upon execution of the Order by the Court on May 21, 2013.

Pursuant to the terms of the Settlement Agreement approved by the Order, on May 23, 2013, the Company issued and delivered to Hanover 8,500,000 shares (the "Settlement Shares") of the Company's common stock, \$0.001 par value (the "Common Stock"). Giving effect to such issuance, the Settlement Shares represent approximately 9.93% of the total number of shares of Common Stock presently outstanding. The Settlement Agreement provides that the Settlement Shares will be subject to adjustment on the trading day immediately following the Calculation Period (as defined below) to reflect the intention of the parties that the total number of shares of Common Stock to be issued to Hanover pursuant to the Settlement Agreement be based upon a specified discount to the trading volume weighted average price (the "VWAP") of the Common Stock for a specified period of time subsequent to the Court's entry of the Order. Specifically, the total number of shares of Common Stock to be issued to Hanover pursuant to the Settlement Agreement shall be equal to the sum of: (i) the quotient obtained by dividing (A) \$706,765.38 by (B) 55% of the average of the lowest 10 VWAPs of the Common Stock over the 80-consecutive trading day period immediately following the date of issuance of the initial Settlement Shares (or such shorter trading-day period as may be determined by Hanover in its sole discretion by delivery of written notice to the Company) (the "Calculation Period"); (ii) the quotient obtained by dividing (A) the total dollar amount of legal fees and expenses incurred in connection with the Action, which shall not exceed \$57,500 (less \$5,000 heretofore paid by the Company) by (B) the VWAP of the Common Stock over the Calculation Period; and (iii) the quotient obtained by dividing (A) agent fees of \$35,338.27 by (B) the VWAP of the Common Stock over the Calculation Period, rounded up to the nearest whole share (the "VWAP Shares"). As a result, the Company ultimately may be required to issue to Hanover substantially more shares of Common Stock than the number of Settlement Shares initially issued (subject to the limitations described below). The Settlement Agreement further provides that if, at any time and from time to time during the Calculation Period, Hanover reasonably believes that the total number of Settlement Shares previously issued to Hanover shall be less than the total number of VWAP Shares to be issued to Hanover or its designee in connection with the Settlement Agreement, Hanover may, in its sole discretion, deliver one or more written notices to the Company, at any time and from time to time during the Calculation Period, requesting that a specified number of additional shares of Common Stock promptly be issued and delivered to Hanover or its designee (subject to the limitations described below), and the Company will upon such request reserve and issue the number of additional shares of Common Stock requested to be so issued and delivered in the notice (all of which additional shares shall be considered "Settlement Shares" for purposes of the Settlement Agreement). At the end of the Calculation Period, (i) if the number of VWAP Shares exceeds the number of Settlement Shares issued, then the Company will issue to Hanover or its designee additional shares of Common Stock equal to the difference between the number of VWAP Shares and the number of Settlement Shares, and (ii) if the number of VWAP Shares is less than the number of Settlement Shares, then Hanover or its designee will return to the Company for cancellation that number of shares of Common Stock equal to the difference between the number of VWAP Shares and the number of Settlement Shares. Hanover may sell the shares of Common Stock issued to it or its designee in connection with the Settlement Agreement at any time without restriction, even during the Calculation Period.

The Settlement Agreement provides that in no event shall the number of shares of Common Stock issued to Hanover or its designee in connection with the Settlement Agreement, when aggregated with all other shares of Common Stock then beneficially owned by Hanover and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by Hanover and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 9.99% of the Common Stock.

Furthermore, the Settlement Agreement provides that, for so long as Hanover or any of its affiliates hold any shares of Common Stock, Hanover and its affiliates are prohibited from, among other actions: (1) voting any shares of Common Stock owned or controlled by Hanover or its affiliates, or soliciting any proxies or seeking to advise or influence any person with respect to any voting securities of the Company; or (2) engaging or participating in any actions, plans or proposals that relate to or would result in, among other things, (a) acquiring additional securities of the Company, alone or together with any other person, which would result in Hanover and its affiliates collectively beneficially owning or controlling, or being deemed to beneficially own or control, more than 9.99% of the Common Stock or other voting securities of the Company (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder), (b) an extraordinary corporate transaction such as a merger, reorganization or liquidation

of the Company or any of its subsidiaries, (c) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries, (d) changes in the present board of directors or management of the Company, (e) material changes in the capitalization or dividend policy of the Company, (f) any other material change in the Company's business or corporate structure, (g) changes in the Company's charter, bylaws or similar instruments or other actions which may impede the acquisition of control of the Company by any person or entity, (h) causing a class of securities of the Company to be delisted, or (i) causing a class of equity securities of the Company to become eligible for termination of registration under the Exchange Act; or (3) any actions similar to the foregoing. These prohibitions may not be modified or waived without further order of the Court.

The description of the Settlement Agreement and the Order does not purport to be complete and is qualified in its entirety by reference to the Settlement Agreement, which is filed as Exhibit 10.1 to this report and incorporated herein by reference, and the Order, which is filed as Exhibit 99.1 to this report and incorporated herein by reference.

Item 3.02 Unregistered Sale of Equity Securities.

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

The issuance of Common Stock to Hanover pursuant to the terms of the Settlement Agreement approved by the Order is exempt from the registration requirements of the Securities Act pursuant to Section 3(a)(10) thereof, as an issuance of securities in exchange for bona fide outstanding claims, where the terms and conditions of such issuance are approved by a court after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are filed herewith:

Exhibit Number

Description

[10.1](#) [Stipulation of Settlement between the Company and Hanover, dated May 14, 2013](#)

[99.1](#) [Order Approving Fairness, Terms and Conditions of Exchange and Issuance Pursuant to Section 3\(a\)\(10\) of the Securities Act of 1933, as amended, dated May 21, 2013](#)

SIGNATURES

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.

INTELLICELL BIOSCIENCES, INC.

Date: May 22, 2013

By: /s/ Dr. Steven Victor

Name: Dr. Steven Victor

Title: Chief Executive Officer

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

HANOVER HOLDINGS I, LLC,
Plaintiff,
v.
INTELLICELL BIOSCIENCES, INC.,
Defendant.

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STIPULATION OF SETTLEMENT

Plaintiff, Hanover Holdings I, LLC (“Hanover”), on the one hand, and Defendant, Intellicell Biosciences, Inc. (“Intellicell”), on the other hand, stipulate to the entry of the Proposed Order attached hereto as Exhibit A (the “Proposed Order”), and further stipulate and agree as follows:

1. Intellicell is a corporation incorporated under the laws of the State of Nevada, with its principal place of business located at 460 Park Avenue, 17th Floor, New York, New York 10022. Intellicell hereby acknowledges receipt of the Complaint filed by Hanover on May 10, 2013, and agrees to waive any requirement that Hanover formally serve Intellicell with process. Intellicell accepts service of process as of the date of this Settlement Agreement.

2. Hanover and Intellicell request that the Court enter an Order substantially in the form of the Proposed Order.

3. Hanover owns bona fide claims in the total aggregate amount of \$706,765.38 against Intellicell for non-payment of past-due debt for services rendered to Intellicell (collectively, the “Claim”), which Hanover purchased from the following creditors of Intellicell: JKT Construction Inc. d/b/a Corcon; Sichenzia Ross Friedman Ference LLP; AGR Enterprises, Inc.; Carrolton Partners LLC; Mendel Bluming; and Gerner Kronick & Valcarcel Architects PC (the “Original Creditors”), for a total aggregate purchase price of \$634,765.38, pursuant to Receivable Purchase Agreements, dated as of May 10, 2013, between Hanover and each of the Original Creditors (the “Receivable Purchase Agreements”), in which each of the Original Creditors sold, transferred, and assigned to Hanover all right, title and interest of such Original Creditors with respect to the Claim, including, without limitation, the right to bring the above-captioned action against Intellicell with respect to the Claim (the “Action”). The purchase price for the Claim is payable to the Original Creditors in the manner set forth in the Receivable Purchase Agreements. Each of the Original Creditors issued invoices to Intellicell for services rendered, payable upon receipt. Such invoices have not been paid by Intellicell and are past due in their entirety.

4. Intellicell has not paid, and will not be able to pay in the near term, any amounts due on the Claim. As a result, on May 10, 2013, Hanover commenced the Action, which Action the parties now seek to settle by this Stipulation of Settlement (the “Settlement Agreement”).

5. Intellicell desires to issue shares of Intellicell’s common stock (the “Common Stock”) in exchange for the release of the Claim and dismissal of the Action in its entirety. Hanover is willing to accept such shares of Common Stock in accordance with the terms of this Settlement Agreement, provided that (i) the proposed exchange (including the issuance of the Common Stock pursuant to this Settlement Agreement) is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), under Section 3(a)(10) of the Securities Act, which requires a finding from the Court that the terms and conditions of the proposed exchange are procedurally and substantively fair to Hanover prior to the issuance of the Common Stock pursuant to this Settlement Agreement, and (ii) through such exemption under Section 3(a)(10) of the Securities Act, Intellicell shall be permitted to issue shares of Common Stock to Hanover in exchange for the release of the Claim and dismissal of the Action without registration under the Securities Act, and Hanover shall be permitted to immediately publicly resell such shares of Common Stock into the market without restriction. Section 3(a)(10) of the Securities Act provides in its entirety as follows:

Section 3 -- Classes of Securities under this Title

(a) Exempted securities. Except as hereinafter expressly provided, the provisions of this title shall not apply to any of the following classes of securities:...

10. Except with respect to a security exchanged in a case under title 11 of the United States Code *any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing* upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, *by any court*, or by any official or agency of the United States, or by any State or Territorial banking or insurance commission or other governmental authority expressly authorized by law to grant such approval;

(Emphasis added.)

6. Hanover is the only party to whom the shares of Common Stock will be issued pursuant to this Settlement Agreement, and is therefore the only party entitled to notice of hearing and an opportunity to be heard in accordance with Section 3(a)(10) of the Securities Act.

7. Hanover has agreed to the proposed settlement terms and conditions, and believes that they are procedurally and substantively fair to Hanover, such that Hanover is willing to enter into this Settlement Agreement. In addition, Intellicell's board of directors has considered the proposed settlement and has resolved that its terms and conditions are fair to, and in the best interests of, Intellicell and its shareholders. Accordingly, both parties shall request the Court to approve the fairness of the proposed terms and conditions of the proposed exchange (including the issuance of the Common Stock pursuant to this Settlement Agreement) (following the hearing referred to in the next sentence).

8. The parties shall submit this Settlement Agreement to the Court and shall request that the Court enter the Proposed Order approving this Settlement Agreement at a hearing thereon as required by Section 3(a)(10) of the Securities Act. Effective upon execution of the Proposed Order by the Court, this Settlement Agreement shall become final and binding upon Intellicell and Hanover, it being hereby acknowledged and agreed that prior to such time this Settlement Agreement is not binding upon Intellicell and Hanover.

9. It is the intent and effect of this Settlement Agreement that the Proposed Order, when signed, shall end, finally and forever (i) any claims to payment or compensation of any kind or nature that Hanover had, now has, or may assert in the future against Intellicell arising out of the Claim, and (ii) any claims, including, without limitation, for offset or counterclaim, that Intellicell had, now has, or may assert in the future against Hanover arising out of the Claim.

10. In this regard, and subject to full and complete compliance with the Proposed Order, effective upon the execution of the Proposed Order, each party hereby releases and forever discharges the other party, including all of the other party's employees, officers, directors, members, partners, agents, affiliates, subsidiaries and attorneys, from any and all claims, demands, obligations (fiduciary or otherwise), and causes of action, whether known or unknown, suspected or unsuspected, arising out of, connected with, or incidental to the Claim. Intellicell shall not (and Intellicell shall cause each of its employees, officers, directors, members, partners, agents, affiliates, subsidiaries and attorneys to not) disparage (or induce or encourage other persons to disparage) Hanover or any of its employees, officers, directors, members, partners, agents, affiliates, subsidiaries, attorneys or other Indemnified Persons (as defined below).

11. In full and final settlement of the Claim, no later than the first trading day following the date of the Court's entry of the Proposed Order, time being of the essence, Intellicell will cause to be issued and delivered to Hanover or its designee 8,500,000 shares of Common Stock, representing approximately 9.93% of Intellicell's outstanding shares of Common Stock (collectively, the "Settlement Shares").

12. Further, the Settlement Shares will be subject to adjustment (as described in paragraph 14 below) to reflect the intention of the parties that the total number of shares of Common Stock issued to Hanover be based upon a specified discount to the VWAP (as defined below) of the Common Stock for a specified period of time subsequent to the Court's entry of the Proposed Order.

13. No later than the first trading day following the date that the Court enters the Proposed Order approving this Settlement Agreement, time being of the essence, Intellicell shall: (i) immediately cause to be issued the number of shares of Common Stock required by paragraph 11 above to Hanover's or its designee's balance account with The Depository Trust Company (DTC) through the Fast Automated Securities Transfer (FAST) Program of DTC's Deposit/Withdrawal At Custodian (DWAC) system, without any restriction on transfer or resale, by transmitting via facsimile and overnight delivery such irrevocable and unconditional instruction to Intellicell's stock transfer agent, and (ii) cause its legal counsel to issue an opinion to Intellicell's transfer agent, in form and substance acceptable to Hanover and such transfer agent, that the shares of Common Stock to be issued pursuant to the Proposed Order (a) shall be legally issued, fully paid and non-assessable, (b) when issued in accordance with the Proposed Order shall be exempt from the registration requirements of the Securities Act afforded by Section 3(a)(10) of the Securities Act and (c) may be issued without any restriction on transfer or resale (such issuance, the "Initial DWAC Issuance," and the date upon which such issuance is complete

and all of the Settlement Shares have been received into Hanover's or its designee's account in electronic form and fully cleared for trading, the "Initial DWAC Issuance Date"). Intellicell represents and warrants that no instruction other than such irrevocable and unconditional instruction to Intellicell's stock transfer agent referred to in this paragraph 13 will be given by Intellicell to its transfer agent with respect to such shares of Common Stock, and that such shares of Common Stock shall otherwise be freely transferable on the books and records of Intellicell.

14. The total number of shares of Common Stock to be issued to Hanover or its designee in connection with this Settlement Agreement and the Proposed Order shall be adjusted on the trading day immediately following the Calculation Period (as defined below) (the "True-Up Date"), as follows: (i) if the number of VWAP Shares (as defined below) exceeds the number of Settlement Shares initially issued, then Intellicell will, as promptly as practicable (but subject in all cases to the limitations set forth in paragraph 14.c below), cause to be issued and delivered to Hanover or its designee, as DWAC shares, additional shares of Common Stock equal to the difference between (x) the total number of VWAP Shares and (y) the number of Settlement Shares, and (ii) if the number of VWAP Shares is less than the number of Settlement Shares, then Hanover or its designee will return to Intellicell for cancellation that number of shares equal to the difference between (x) the total number of VWAP Shares and (y) the number of Settlement Shares issued in the Initial DWAC Issuance. The "Calculation Period" shall mean the 80-consecutive trading day period commencing on the trading day immediately following the Initial DWAC Issuance Date, or such shorter consecutive trading day period immediately following the Initial DWAC Issuance Date as Hanover shall determine in its sole discretion by written notice delivered to Intellicell. If Hanover shall notify Intellicell that, due to the limitations set forth in paragraph 14.c. below, all of the additional shares of Common Stock required to be issued and delivered to Hanover or its designee pursuant to this paragraph 14, if any, cannot be issued and delivered to Hanover or its designee on a single trading day, then Intellicell will cause to be issued and delivered to Hanover or its designee, as DWAC shares, in a single issuance or in multiple issuances, such additional shares of Common Stock at such times and in such amounts as Hanover shall request from time to time from and after the True-Up Date (subject in all cases to the limitations of paragraph 14.c. below), until all VWAP Shares have been issued and delivered to Hanover or its designee. If Hanover's right to receive VWAP Shares at any particular time is limited, in whole or in part, by this paragraph and paragraph 14.c. below, all such VWAP Shares that are so limited shall be held in abeyance for the benefit of Hanover by Intellicell until such time, if ever, as Hanover shall notify Intellicell that its right thereto would not result in Hanover exceeding the limitations set forth in paragraph 14.c. below.

a. For all purposes of this Settlement Agreement, "VWAP Shares" means such number of shares of Common Stock (rounded up to the nearest whole share) equal to the sum of: (i) the quotient obtained by dividing (A) \$706,765.38 by (B) 55% of the average of the lowest 10 trading volume weighted average prices of the Common Stock as reported by Bloomberg L.P. (the "VWAP") over the Calculation Period; (ii) the quotient obtained by dividing (A) the total dollar amount of legal fees and expenses incurred in connection with the Action through the True-Up Date, which shall not exceed \$57,500 (less \$5,000 heretofore paid by Intellicell) by (B) the VWAP over the Calculation Period; and (iii) the quotient obtained by dividing (A) agent fees of \$35,338.27 by (B) the VWAP over the Calculation Period.

b. If, at any time and from time to time during the Calculation Period, Hanover reasonably believes that the total number of Settlement Shares previously issued to Hanover shall be less than the total number of VWAP Shares to be issued to Hanover or its designee in connection with this Settlement Agreement and the Proposed Order, Hanover may, in its sole discretion, deliver one or more written notices to Intellicell, at any time and from time to time during the Calculation Period, by facsimile or email transmission, requesting that a specified number of additional shares of Common Stock promptly be issued and delivered to Hanover or its designee (subject in all cases to the limitations of paragraph 14.c. below) and containing the calculation for the number of additional shares of Common Stock requested to be so issued and delivered. Within one trading day following delivery of each such notice, time being of the essence, Intellicell shall cause to be issued and delivered to Hanover or its designee, in compliance with the procedure set forth in paragraph 13 above (including, without limitation, issuance of the legal opinion to Intellicell's transfer agent, if required, at Intellicell's sole cost and expense), the number of additional shares of Common Stock requested to be so issued and delivered in the notice (subject in all cases to the limitations of paragraph 14.c. below). Any additional shares of Common Stock issued to Hanover or its designee pursuant to this paragraph 14.b. will be considered Settlement Shares for purposes of any calculation of the total number of shares to be issued by, or returned to, Intellicell pursuant to this paragraph 14.

c. In no event shall the number of shares of Common Stock issued to Hanover or its designee in connection with the settlement of the Claim pursuant to this Settlement Agreement (either as Settlement Shares or VWAP Shares, or in connection with any adjustment thereto pursuant to this Settlement Agreement), when aggregated with all other shares of Common Stock then beneficially owned by Hanover and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by Hanover and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 9.99% of the Common Stock. Neither Hanover nor Intellicell may waive this paragraph 14.c. For any reason at any time, upon the written or oral request of Hanover, Intellicell shall within one (1) business day confirm orally and in writing to Hanover the number of shares of Common Stock then outstanding.

d. The provisions of this paragraph 14 shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this paragraph 14 to correct this paragraph 14 (or any portion hereof) which may be defective or inconsistent with the intended beneficial ownership limitation contained in paragraph 14.c. above or to make changes or supplements necessary or desirable to properly give effect to such limitation.

15. Intellicell hereby makes the following representations, warranties and covenants:

a. The shares of Common Stock provided for above are duly authorized and, when issued pursuant to the Proposed Order, will be duly and validly issued, fully paid and nonassessable, free and clear of all liens, encumbrances and preemptive and similar rights to subscribe for or purchase securities. Intellicell has reserved from its duly authorized capital stock 140,000,000 shares of Common Stock for issuance pursuant to the terms of this Settlement Agreement. If at any time it appears reasonably possible that there may be insufficient authorized or reserved shares to fully comply with the Proposed Order, Intellicell shall take all action required to promptly reserve additional shares of Common Stock from its authorized shares and, if necessary, promptly take such actions as are necessary or appropriate to increase its authorized shares so as to ensure its ability to timely comply with the Proposed Order, and the Company may not reserve or issue any shares of Common Stock to any other person unless and until sufficient shares have been reserved for Hanover (except to the extent that a person has the right to purchase shares of Common Stock on or prior to the date of this Stipulation). The execution of this Settlement Agreement and performance of the Proposed Order by Intellicell and Hanover will not (i) conflict with, violate, or cause a breach or default under any agreements between Intellicell and any creditor of Intellicell as of the date hereof, or any affiliate thereof, including, but not limited to, those agreements with the Original Creditors (or any affiliate thereof) related to the debt comprising the Claim, or (ii) require any waiver, consent, or other action of Intellicell or any creditor of Intellicell as of the date hereof, including, but not limited to, the Original Creditors, or their respective affiliates, that has not already been obtained in writing. Without limitation, Intellicell hereby waives any provision in any agreement related to the debt comprising the Claim (x) requiring payments to be applied in a certain order, manner, or fashion, or (y) providing for exclusive jurisdiction and venue in any court other than this Court. Intellicell has all necessary corporate power and authority to execute, deliver and perform all of its obligations under this Settlement Agreement. The execution, delivery and performance of this Settlement Agreement by Intellicell has been duly authorized by all requisite action on the part of Intellicell, including, without limitation, express approval by its board of directors. This Settlement Agreement has been duly executed and delivered by Intellicell and constitutes the legal, valid and binding obligation of Intellicell, enforceable against Intellicell in accordance with its terms.

b. Intellicell acknowledges and agrees that neither Hanover nor any of the Original Creditors, nor any of their

respective affiliates, (i) is or was an affiliate of Intellicell within the last 90 days or (ii) has or will, directly or indirectly, provide any consideration to or invest in any manner in Intellicell in exchange or consideration for, or otherwise in connection with, the sale or satisfaction of the Claim other than pursuant to the Proposed Order. Except for the agreement by and among JKT Construction Inc. d/b/a Corcon ("JKT Construction"), Intellicell, Steven Victor, M.D. and JKT Construction's counsel (as escrow agent) pursuant to which Intellicell agreed, among other things, to deposit an amount of its stock in escrow to secure the performance of Hanover under the Receivable Purchase Agreement between Hanover and JKT Construction (which stock shall be returned to Intellicell upon the full performance of Hanover's obligations under such Receivable Purchase Agreement), none of the Original Creditors is, directly or indirectly, receiving any consideration from or being compensated in any manner by, and will not at any time in the future accept any consideration or compensation from, Intellicell, any affiliate of Intellicell, or any other person (except Hanover pursuant to the Receivable Purchase Agreements between Hanover and each of the Original Creditors) for or in connection with the sale or satisfaction of the Claim. Intellicell further acknowledges and agrees that (i) Hanover has no obligation of confidentiality to Intellicell and may sell any of its shares of Common Stock issued pursuant to the Proposed Order at any time, including, without limitation, at any time during the Calculation Period, and (ii) with respect to this Settlement Agreement and the transactions contemplated hereby, (A) Hanover is acting solely in an arm's length capacity, (B) Hanover does not make and has not made any representations or warranties, other than those specifically set forth in this Settlement Agreement, (C) Hanover has not and is not acting as a legal, financial, accounting or tax advisor to Intellicell, or agent or fiduciary of Intellicell, or in any similar capacity, and (D) any statement made by Hanover or any of Hanover's representatives, agents or attorneys is not advice or a recommendation to Intellicell. Intellicell is not, and has not previously been at any time, an issuer identified in, or subject to, Rule 144(i) under the Securities Act.

c. Intellicell has not, in the 12 months preceding the date of this Settlement Agreement, received notice from any national securities exchange or automated quotation system on which the Common Stock is listed or designated for quotation to the effect that Intellicell is not in compliance with the listing or maintenance requirements of such national securities exchange or automated quotation system. As of the date of this Settlement Agreement, Intellicell is in compliance with all such listing and maintenance requirements. Intellicell, through its stock transfer agent, currently participates in the DTC Fast Automated Securities Transfer (FAST) Program of DTC's Deposit/Withdrawal At Custodian (DWAC) system, and the Common Stock may be issued and transferred electronically to third parties via the DTC Fast Automated Securities Transfer (FAST) Program of DTC's Deposit/Withdrawal At Custodian (DWAC) system. Intellicell has not, in the 12 months preceding the date of this Settlement Agreement, received notice from DTC to the effect that a suspension of electronic trading or settlement services by DTC with respect to the Common Stock is being imposed or is contemplated. Neither any shares of Common Stock issuable hereunder nor any certificates evidencing any of such shares of Common Stock (if a certificate therefor is requested in writing by Hanover) shall bear any restrictive or other legends or notations. Intellicell shall not, and Intellicell shall cause all other persons to not, issue any stop-transfer order, instruction or other restriction with respect to any such shares of Common Stock. Upon issuance in accordance herewith, such shares of Common Stock will be exempt from the registration requirements of the Securities Act under Section 3(a) (10) of the Securities Act. All of such shares of Common Stock will be freely transferable and freely tradable by Hanover without restriction. Intellicell and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, interested stockholder, business combination, or other similar antitakeover provision under the certificate of incorporation, bylaws or other organizational documents of Intellicell, as currently in effect, or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable as a result of the transactions contemplated by this Settlement Agreement, including, without limitation, Intellicell's issuance of shares of Common Stock hereunder and Hanover's ownership of such shares of Common Stock, together with all other securities now or hereafter owned or acquired by Hanover. Intellicell and its board of directors have taken all necessary action, if any, in order to render inapplicable any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of shares of Common Stock or a change in control of Intellicell or any of its subsidiaries. On the date hereof and on the date of any issuance of Common Stock hereunder, all stock transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the offer, issuance and transfer of the shares of Common Stock issuable hereunder will be, or will have been, fully paid or provided for by Intellicell, and all laws imposing such taxes will be or will have been complied with.

d. Intellicell shall take such action as Hanover shall reasonably determine is necessary in order to qualify the shares of Common Stock issuable to Hanover hereunder under applicable securities or "blue sky" laws of the states of the United States for the issuance to Hanover hereunder and for resale by Hanover to the public (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to Hanover. Without limiting any other obligation of Intellicell hereunder, Intellicell shall timely make all filings and reports relating to the offer and issuance of such shares of Common Stock required under all applicable securities laws (including, without limitation, all applicable federal securities laws and all applicable state securities or "blue sky" laws), and Intellicell shall comply with all applicable federal, state, local and foreign laws, statutes, rules, regulations and the like relating to the offering and issuance of such shares of Common Stock to Hanover.

e. Intellicell shall promptly secure the listing or designation for quotation (as the case may be) of all of the shares of Common Stock to be issued to Hanover pursuant to this Settlement Agreement on each national securities exchange and automated quotation system, if any, on which the Common Stock is listed or designated for quotation (as the case may be) and shall use its reasonable best efforts to maintain such listing or designation for quotation (as the case may be) of all such shares of Common Stock on such national securities exchange or automated quotation system for so long as Hanover or any of its affiliates holds any shares of Common Stock. Intellicell shall pay all fees and expenses in connection with satisfying its obligations under this paragraph 15.e.

16. Hanover hereby makes the following representations, warranties and covenants:

a. As of the date of this Settlement Agreement and during the 90 calendar days prior to the date of this Settlement Agreement, neither Hanover nor any affiliate thereof is or was an officer, director, or 10% or more shareholder of Intellicell.

b. Until at least 180 days after the Calculation Period, neither Hanover nor any of its affiliates shall (i) hold any short position in the Common Stock or (ii) engage in or affect, directly or indirectly, any short sale of the Common Stock.

17. The representations, warranties, agreements and covenants in this Settlement Agreement shall survive the execution and delivery hereof and the consummation of the transactions contemplated hereby.

18. For so long as Hanover or any of its affiliates holds any shares of Common Stock, neither Hanover nor any of its affiliates will: (i) vote any shares of Common Stock owned or controlled by it, or solicit any proxies or seek to advise or influence any person with respect to any voting securities of Intellicell; or (ii) engage or participate in any actions, plans or proposals that relate to or would result in (a) Hanover or any of its affiliates acquiring additional securities of Intellicell, alone or together with any other person, which would result in Hanover and its affiliates collectively beneficially owning, or being deemed to beneficially own, more than 9.99% of the Common Stock or other voting securities of Intellicell (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and

regulations thereunder), (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving Intellicell or any of its subsidiaries, (c) a sale or transfer of a material amount of assets of Intellicell or any of its subsidiaries, (d) any change in the present board of directors or management of Intellicell, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board, (e) any material change in the present capitalization or dividend policy of Intellicell, (f) any other material change in Intellicell's business or corporate structure, (g) changes in Intellicell's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of Intellicell by any person, (h) causing a class of securities of Intellicell to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association, (i) causing a class of equity securities of Intellicell to become eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act or (j) taking any action, intention, plan or arrangement similar to any of those enumerated above. The provisions of this paragraph may not be modified or waived without further order of the Court.

19. The parties agree that, for the period from and after the date hereof through and including November 9, 2013, and regardless of whether Hanover or its affiliates then hold any debt or equity securities of Intellicell, Hanover and its affiliates shall have the exclusive right to enter into transactions with Intellicell whereby Intellicell directly or indirectly issues Common Stock or Common Stock equivalents to a party in exchange for outstanding securities, claims or property interests, or partly in such exchange and partly for cash, in one or more transactions carried out pursuant to Section 3(a)(9) or Section 3(a)(10) of the Securities Act.

20. Prior to the earlier of (i) the opening time for trading stocks on public securities exchanges located in New York City on the first trading day immediately following the date of the Court's entry of the Proposed Order and (ii) the Initial DWAC Issuance, time being of the essence, Intellicell shall file a Current Report on Form 8-K with the Securities and Exchange Commission (the "SEC") pursuant to Section 13 or Section 15(d) of the Exchange Act disclosing all of the material terms of this Settlement Agreement, including, without limitation, the issuance of shares of Common Stock to Hanover pursuant to the Proposed Order approving this Settlement Agreement, and disclosing all other material, nonpublic information delivered to Hanover (or Hanover's representatives or agents) by Intellicell or any of its officers, directors, employees, agents or representatives, if any, in connection with the Claim, the Action, the Original Creditors or the transactions contemplated by this Settlement Agreement, and attaching a copy of the Proposed Order and this Settlement Agreement as exhibits thereto (the "Initial 8-K Filing"). From and after the Initial 8-K Filing, neither Intellicell nor any of its officers, directors, employees, agents or representatives shall disclose any material non-public information about Intellicell to Hanover (or Hanover's representatives or agents), unless prior thereto Intellicell shall have filed a Current Report on Form 8-K with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act disclosing all such material non-public information. In addition, Intellicell shall file a Current Report on Form 8-K with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act prior to each issuance of additional shares of Common Stock required to be issued and delivered to Hanover or its designee pursuant to paragraph 14, if any, time being of the essence, disclosing the number of shares so issued and delivered to Hanover and the date of issuance (each, an "Additional 8-K Filing"). In the event of a breach of any of the foregoing covenants in this paragraph 20 by Intellicell, in addition to any other remedy available to Hanover, Hanover shall have the right to make a public disclosure, in the form of a press release, public advertisement, SEC filing or otherwise, of the matters contemplated hereby without the prior approval by Intellicell, or any of its officers, directors, employees, stockholders or agents, and Hanover shall not have any liability to Intellicell, or any of its officers, directors, employees, stockholders or agents, for any such disclosure.

21. Neither Intellicell, its subsidiaries nor Hanover shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, Intellicell shall be entitled, without the prior approval of Hanover, to issue any press release or make other public disclosure with respect to such transactions (i) in substantial conformity with the Initial 8-K Filing and any Additional 8-K Filing and contemporaneously therewith and (ii) as is required by applicable law and regulations (provided that Hanover shall be consulted by Intellicell in connection with any such press release or other public disclosure prior to its release).

22. Without the prior written consent of Hanover, Intellicell shall not (and shall cause each of its subsidiaries and affiliates to not) disclose the name of Hanover in any filing (other than the Initial 8-K Filing and any Additional 8-K Filing), announcement, release or otherwise.

23. Intellicell hereby agrees to indemnify, defend and hold Hanover and each of its present and former directors, officers, shareholders, members, managers, investment managers, investment advisers, partners, employees, agents, advisors and representatives (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding the lack of such title or any other title) and each person or entity, if any, who controls Hanover within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act, and each of their direct and indirect related persons (collectively, the "Indemnified Persons") harmless with respect to all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (regardless of whether any such Indemnified Person is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), arising from or incident or related to (i) this Settlement Agreement, (ii) any misrepresentation or breach of any representation or warranty made by Intellicell herein or in connection herewith, (iii) any breach of any covenant, agreement or obligation of Intellicell contained herein or in any document entered into in connection herewith or (iv) any cause of action, suit, proceeding or claim brought or made against such Indemnified Persons by a third party or any shareholder of Intellicell (including for these purposes a derivative action brought on behalf of Intellicell or any subsidiary thereof) or which otherwise involves such Indemnified Person that arises out of or relates to or results from (a) the execution, delivery, performance or enforcement of this Settlement Agreement or any document entered into in connection herewith or any other agreement entered into with, or any instrument received from, Intellicell or (b) the status of such Indemnified Person or holder of shares of Common Stock issued hereunder either as a holder of such shares of Common Stock or as a party to this Settlement Agreement or any other agreement entered into with, or any instrument received from, Intellicell (regardless of any termination thereof) (including, without limitation, as a party in interest or otherwise in any action or proceeding for injunctive or other equitable relief). To the extent that the foregoing undertaking by Intellicell may be unenforceable for any reason, Intellicell shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

24. The parties to this Settlement Agreement represent that each of them has been advised as to the terms and legal effect of this Settlement Agreement and the Proposed Order provided for herein, and that the settlement and compromise stated herein shall be final and conclusive forthwith, subject to the execution of the Proposed Order by the Court and the other conditions stated herein, and each attorney represents that his or her client has freely consented to and authorized this Settlement Agreement.

25. Each party hereby irrevocably submits to the exclusive jurisdiction and venue of the state or federal courts located in the City of New York, New York, for the adjudication of the above-captioned action and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court or that such suit,

action or proceeding is improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at its principal place of business and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

26. Intellicell has irrevocably appointed Joseph M. Lucosky, Esq., of Lucosky Brookman LLP, with an office located at 45 Rockefeller Plaza, Suite 2000, New York, New York 10111, and Richard A. Roth, Esq., of The Roth Law Firm, PLLC, 295 Madison Avenue, 22nd Floor, New York, New York 10017, as its agents to receive on behalf of Intellicell service of any legal process which may be served in all such suits, actions or proceedings. Such service may be made by mail or delivery of such process to the Company in care of either of such agents at the agent's address set forth above and the Company hereby irrevocably authorizes and directs such agents to accept such service on behalf of the Company. Service upon either of such agents in accordance with the foregoing shall be deemed completed whether or not forwarded to or received by Intellicell. If either of such agents ceases to be able to act as such or to have an address in New York, New York, Intellicell agrees to irrevocably appoint a new agent acceptable to Hanover to receive on behalf of Intellicell service of any legal process and to deliver to Hanover within 14 days a copy of a written acceptance of appointment by such agent.

27. Upon entry of the Proposed Order approving this Settlement Agreement, the Action shall be dismissed with prejudice. The Court shall retain jurisdiction to enforce the terms of this Settlement Agreement.

28. Each party hereto waives a statement of decision, and the right to appeal from the Order after its entry. Intellicell further waives any defense based on the rule against splitting causes of action. The prevailing party in any motion to enforce the terms of this Settlement Agreement or the Proposed Order shall be awarded its reasonable attorneys' fees, costs and expenses arising out of or relating to such motion. Except as expressly set forth herein, each party shall bear its own attorneys' fees, expenses and costs. This Settlement Agreement may be executed in counterparts and by facsimile, pdf or other electronic format, each of which shall constitute an original and all of which together shall be deemed together as a single document.

DATED: May 14, 2013

GREENBERG TRAUERIG, LLP

By: /s/ Timothy E. Di Domenico
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DATED: May 14, 2013

HANOVER HOLDINGS I, LLC

By: /s/ Joshua Sason
Joshua Sason
Chief Executive Officer

DATED: May 14, 2013

The ROTH LAW FIRM, PLLC

DATED: May 14, 2013

By: /s/ Richard A. Roth
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DATED: May 14, 2013

INTELLICELL BIOSCIENCES, INC.

By: /s/ Steven A. Victor
Steven A. Victor
Chief Executive Officer

