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MAY 11 2011

THOMAS R. FALLQUIST
SPOKANE COUNTY CLERK

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON

IN AND FOR SPOKANE COUNTY

TREFRY ENTERPRISES, LLC, a
Washington Limited Liability Company, d/b/a
The Bulldog,

Plaintiff,

v.

WILLARD C. QUINN, III, a married man
dealing in his separate property; and JOHN
and JANE DOES 1-10, husband and wife and
the marital communities composed thereof,

Defendants.

No.

11202002-3

COMPLAINT FOR SPECIFIC
PERFORMANCE OF CONTRACTUAL
OBLIGATION AND/OR FOR DAMAGES
RELATED TO BREACH OF CONTRACT
AND/OR FOR DECLARATORY
JUDGMENT

PLAINTIFF TREFRY ENTERPRISES, LLC, a Washington Limited Liability Company,
d/b/a The Bulldog, by and through its attorney, TIMOTHY B. FENNESSY of LAYMAN LAW
FIRM, PLLP, by way of and for cause of action against the Defendant, hereby alleges the
following:

I. PARTIES, JURISDICTION AND VENUE

1.1 TREFRY ENTERPRISES, LLC, Plaintiff herein is a Washington Limited
Liability Company doing business as The Bulldog (hereinafter "Trefry Enterprises, LLC") with

COMPLAINT FOR SPECIFIC PERFORMANCE OF LEASE
WITH OPTION TO PURCHASE-1

LAYMAN LAW FIRM, PLLP
601 S. Division St.
Spokane, WA 99202-1335
(509) 455-8883 fax (509) 624-2902

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1 its principal place of business at North 1305 Hamilton Avenue, in Spokane, Spokane County,
2 Washington.

3 1.2 WILLARD C. QUINN, III (hereinafter "Quinn, III"), Defendant in this action is a
4 married man dealing with his separate real property located in Spokane County, Washington.
5 Quinn, III currently resides in Kitsap County, Washington.
6

7 1.3 Upon information and belief, JOHN and JANE DOES 1-10 (hereinafter the
8 "DOES"), defendants in this action, are married couples residing in Washington who have
9 entered into purchase and sale agreements and/or lease agreements for the real property at issue
10 in this action.
11

12 1.4 The lease which is the subject matter of this action involves real property located
13 in Spokane County, Washington and contains a provision which requires that any action shall be
14 commenced and maintained in Spokane County, Washington.
15

16 1.5 Venue and jurisdiction is proper in this Court.
17

18 **II. FACTS**

19 2.1 Trefry Enterprises, LLC re-alleges paragraphs 1.1 through 1.5 as though fully set
20 forth herein.
21

22 2.2 On or about May 31, 1996, Trefry Enterprises, LLC entered into a written lease
23 agreement with Quinn, III, for premises to be used for the purpose of conducting a tavern
24 business. The lease was for a term of One Hundred Eighty (180) months ending on August 31,
25 2011. [Attached hereto as Exhibit "A" is a true and correct copy of said lease.]
26

27 2.3 The subject lease is contingent upon Trefry Enterprises, LLC not being in
28 material breach of a business installment contract being negotiated at that time, under which it
29 ultimately purchased the assets of The Bulldog Tavern & Hamburger Emporium, Inc. as Seller
30

1 and Willard C. Quinn, Jr. and Mary Lou Quinn (parents of Quinn, III) as Seller's Shareholders.

2 [Attached hereto as Exhibit "B" is a true and correct copy of said business installment contract.]

3
4 2.4 The subject lease also provides for a first right of refusal for Trefry Enterprises,
5 LLC during the duration of said lease in the event the described property should be offered for
6 sale and a clause whereby the property is to be sold to Trefry Enterprises, LLC at the completion
7 of the Fifteen (15) year period of the lease.
8

9
10 2.5 The subject lease states that the Parties agree that the purchase price to be paid by
11 Trefry Enterprises, LLC to Quinn, III, for the entirety of the leased real property shall be
12 determined by appraisal and will be at fair market value at the time of the sale.
13

14 2.6 Quinn, III, was aware that Trefry Enterprises, LLC was engaged in negotiations to
15 purchase The Bulldog Tavern & Hamburger Emporium, Inc. from his parents for Three Hundred
16 and Fifty Thousand Dollars (\$350,000).
17

18 2.7 Quinn, III, knew or should have known that Trefry Enterprises, LLC was only
19 interested in leasing the described real property if it could receive a first right of refusal for any
20 sale during the term of the lease and a right to buy the property at fair market value at the end of
21 the lease.
22

23
24 2.8 Quinn, III, told all members of Trefry Enterprises, LLC that he was ready to move
25 away from Spokane and looked forward to selling the subject real property at the completion of
26 the fifteen (15) year lease period, if not before.
27

28 2.9 The right to exercise the purchase option coincided with the date of final payment
29 by Trefry Enterprises, LLC to Quinn, III's parents for purchase of The Bulldog Tavern &
30
31
32

1 Hamburger Emporium, Inc.'s assets under a business installment contract, which was executed
2 with an effective date of August 29, 1996.
3

4 2.10 Trefry Enterprises, LLC has successfully completed all obligations of the business
5 installment contract under which it purchased all of the assets of The Bulldog Tavern &
6 Hamburger Emporium, Inc. as Seller with Willard C. Quinn, Jr. and Mary Lou Quinn as Seller's
7 Shareholders.
8

9 2.11 Trefry Enterprises, LLC has also fully and completely complied with all terms of
10 the subject lease agreement for the past Fifteen (15) years from May 31, 2011 to the present.
11

12 2.12 Quinn, III has recently demanded Plaintiff sign a new lease agreement or vacate
13 the leased premises on or before August 31, 2011 and has refused confer about or agree upon any
14 person to perform the appraisal required to determine fair market value of the properly described
15 real property.
16

17 2.13 Quinn, III has recently made representations to Plaintiff that he has received and
18 was considering offers from the DOES to purchase the real property at issue.
19

20 2.14 Quinn, III has recently made representations to Plaintiff that he has, or is prepared
21 to enter into a lease agreement with the DOES for the real property at issue.
22

23 2.15 Trefry Enterprises, LLC has incurred substantial costs, expenses, risks and
24 liability in reasonable reliance on Quinn, III's representations that the leased premises would be
25 sold by him in its entirety to Trefry Enterprises, LLC at the completion of the Fifteen (15) year
26 period of the lease.
27
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1 2.16 Trefry Enterprises, LLC d/b/a The Bulldog will suffer irreparable damage to its
2 business in the event it is not permitted to purchase the real property where the business has
3 operated for at least the past Fifty (50) years.
4

5 **III. CAUSES OF ACTION**
6

7 **A. Specific Performance—Quinn, III**

8 3.1 Trefry Enterprises, LLC re-alleges the facts set forth in paragraphs 1.1 through
9 2.16 above and incorporates the same as if fully set forth.
10

11 3.2 An enforceable contract for sale of real property was entered by and between
12 Trefry Enterprises, LLC and Willard C. Quinn, III on or about May 31, 1996 by the terms
13 contained in the lease with option to purchase.
14

15 3.3 Trefry Enterprises, LLC has properly performed all duties under the lease with
16 option to purchase and Quinn, III has fully accepted all benefits of such performance.
17

18 3.4 Trefry Enterprises, LLC has properly demanded appointment of a person to
19 determine the fair market value by appraisal of the real property which is subject to the lease
20 with option to purchase.
21

22 3.5 Quinn, III has wrongfully refused to respond to such demand and further has
23 recently made it known through his agents, that he has concluded that he has no obligation to sell
24 the subject real property to Trefry Enterprises, LLC, despite the clear language of the document
25 and numerous confirming oral discussions and statements, despite full performance by Trefry
26 Enterprises, LLC of all its obligations under the lease with option to purchase, and despite the
27 acceptance of Quinn, III of all benefits of such performance during the full term of the Fifteen
28 (15) year agreement.
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1 3.6 Equity demands that specific performance of the contractual obligation to
2 appraise and sell the subject real estate to Trefry Enterprises, LLC be ordered.
3

4 **B. Breach of Contract—Quinn, III**

5 3.7 Trefry Enterprises, LLC re-alleges the facts set forth in paragraphs 1.1 through
6
7 3.6 above and incorporates the same as if fully set forth.

8 3.8 Every contract contains an express and/or implied duty of good faith and fair
9
10 dealing as a matter of law in the State of Washington.

11 3.9 Quinn, III's actions, statements and failures to act as described herein, amount to
12
13 material breach(es) of his contractual duties and obligations.

14 3.10 As a direct and proximate result of Quinn, III's material breach(es) of contract,
15
16 Trefry Enterprises, LLC has in the past and will continue to suffer substantial damages in
17 amounts to be proved at the time of trial.

18 **C. Promissory Estoppel—Quinn, III**

19
20 3.11 Trefry Enterprises, LLC re-alleges the facts set forth in paragraphs 1.1 through
21
22 3.10 above and incorporates the same as if fully set forth.

23 3.12 Quinn, III promised to sell the subject real property as described in Exhibit A to
24
25 the lease to Trefry Enterprises, LLC.

26 3.13 Quinn, III expected or reasonably should have expected that his promises would
27
28 cause Trefry Enterprises, LLC to change its position in reliance on his promises.

29 3.14 Trefry Enterprises, LLC materially changed its position in justifiable reliance
30
31 upon Quinn, III's promises, by, without limitation, entering into the lease as attached to this
32 Complaint.

1 3.15 Injustice can be avoided only by enforcement of Quinn III's promises. To wit,
2 without enforcement of Quinn III's promises to sell, Trefry Enterprises, LLC d/b/a The Bulldog
3 will suffer irreparable damage to its business as it will be forced to relocate from its current
4 location where the business has operated for the past Fifty (50) years.
5

6
7 **D. Declaratory Judgment—Quinn, III and DOES**

8 3.16 Trefry Enterprises, LLC re-alleges the facts set forth in paragraphs 1.1 through
9 3.15 above and incorporates the same as if fully set forth.
10

11 3.17 Upon information and belief, Quinn III has received offers from the DOES to
12 purchase and/or lease the real property at issue and has or is prepared to enter into those
13 agreements.
14

15 3.18 Any purchase and sale agreement, lease agreement, or the like must be declared
16 invalid, unenforceable, null, and void by virtue of Trefry Enterprises, LLC's first right of refusal
17 and Quinn, III's promise to sell the real property at issue to Trefry Enterprises LLC at the
18 conclusion of the lease described in Exhibit A.
19
20

21 **IV. PRAYER FOR RELIEF**

22 WHEREFORE, Trefry Enterprises, LLC prays for the following relief:
23

24 A. For a judgment of specific performance and Order of the Court compelling Quinn,
25 III to agree to an appraisal of the real property in order to determine the final price at fair market
26 value of the described real property under the lease and option to purchase;
27

28 B. For an award of damages, including costs, attorney fee's and interest as provided
29 for by law, contract and/or equity in the State of Washington;
30
31
32

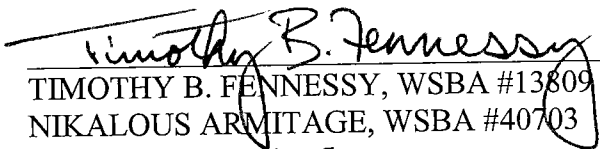
1 C. For a judgment declaring any purchase and sale agreement, lease agreement, or
2 like agreement and/or contract between Quinn, III and the DOES null, void, unenforceable, and
3 invalid;
4

5 D. For leave to amend this Complaint to conform to the facts as they are developed
6 and/or discovered during the course of this litigation; and,
7

8 E. For such other and further relief as this Court shall deem necessary, just and/or
9 equitable under the laws of the State of Washington.
10

11
12 DATED this 11th day of May, 2011.
13

14 LAYMAN LAW FIRM, PLLP

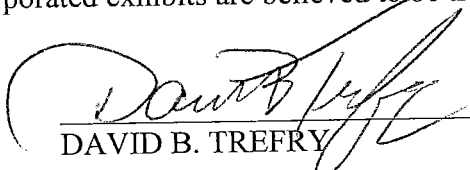
15
16 
17 TIMOTHY B. FENNESSY, WSBA #13809
18 NIKALOUS ARMITAGE, WSBA #40703
19 tfennessy@laymanlawfirm.com
20 narmitage@laymanlawfirm.com
21 Attorneys for Trefry Enterprises, LLC, d/b/a/ The
22 Bulldog, Plaintiff
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VERIFICATION

STATE OF WASHINGTON)
) ss.
County of Spokane)

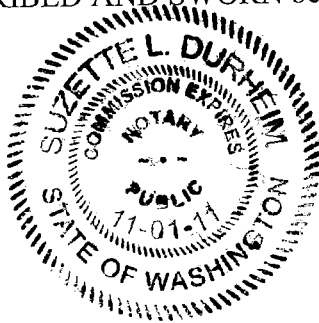
DAVID B. TREFRY, being first duly sworn on oath depose and says:


That he is a member of TREFRY ENTERPRISES, LLC, plaintiff in the foregoing COMPLAINT FOR SPECIFIC PERFORMANCE OF LEASE WITH OPTION TO PURCHASE, the he has read the same, knows the contents thereof, and knows the facts therein stated to be true. The attached and incorporated exhibits are believed to be true and accurate.



DAVID B. TREFRY

SUBSCRIBED AND SWORN before me this 11th day of May, 2011.





Notary in the and for the State of Washington
Residing at Spokane Wa
Commission Expires: 11/1/11

LEASE AGREEMENT

THIS LEASE made and entered into this 31st day of May, 1996 between Willard C. Quinn, III, a single person, hereinafter called Lessor, and Trefry Enterprises LLC, a limited liability company existing under Washington State law, hereinafter called Lessee.

WITNESSETH:

1. PREMISES: The Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the building currently occupied by the Bulldog Tavern, consisting of approximately 3,000 square feet, situated upon a portion of the following legally described parcel: See Exhibit "A" attached.

~~Lot 12, Block 29, EXCEPT the North 56.7 feet thereof, and together with the vacated street to the east thereof vacated pursuant to ordinance A5108, SINTO SECOND ADDITION, as recorded in Volume "A" of Plats, page 745. Further described as N. 1305 Hamilton, exclusive of N. 1307 Hamilton a second leased structure situated on this legally described parcel.~~

2. TERM: The lease term shall be for a period of one hundred eighty (180) months, (15 years) plus the partial month, if any, immediately following commencement date and shall commence on the 31st day of August, 1996, and end on the 31st day of August, 2011.

3. RENT: In consideration of this lease agreement the Lessee agrees to pay to the Lessor or his designated agent the following sum:

A. Lessee shall pay to Lessor in advance on the first business day of each month as minimum monthly base rent for the leased premises one thousand three hundred and No/100 (\$1300.00) dollars from July 31, 1996 and continuing for the next sixty (60) calendar months of this lease, July 31, 1996 through June 30, 2001.

Commencing July 1, 2001 minimum monthly rental shall be set at an amount equal to the base rate of the previous five year period and an escalator equal to the increase in the consumer price index for urban wage earners and clerical workers - U.S. city average for all items, from the date of the commencement of this lease to the date of commencement of the next five year term and the rent shall be adjusted pursuant to this formula again commencing w/ the rent falling due on

Fixed rent shall be payable on the first day of each and every month in advance. Any monthly installment received after the 5th day of the month shall be subject to a lease charge of five (5%) percent of the monthly rental rate, which shall be paid at the same time the rent is paid.

EXHIBIT

tabbles

A

Until further notice by Lessor to Lessee, rent checks shall be payable and mailed to:

Willard C. Quinn.

~~W. 115 23rd AVE.~~

~~Spokane, WA 99203~~

201 Condon Lane
Port Ludlow, Wa.
98365

WCCW
BT
Jue

4. MAINTENANCE: Lessee shall be responsible for all maintenance on the premises in at least as good of condition as they were as of the date of commencement of this lease. Lessor shall have no responsibility for maintenance pursuant to this lease and Lessee shall perform and pay for any and all maintenance necessary to keep the premises in the same or similar condition as they were as of the date of the commencement of this lease.

5. TAXES AND INSURANCE: Lessor shall pay real property taxes which may become due and all special improvement assessments, installments of which become due during the term of this lease. Additionally, Lessor shall pay premiums on the insurance (fire and otherwise) required to be maintained by on said premises. Lessee shall pay all taxes on its trade fixtures, leasehold improvements, merchandise and other personal property. Lessee shall provide Lessor with proof of payment of same.

6. DELIVERY OF POSSESSION: In the event of the inability of Lessor to deliver possession of the premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither Lessor nor Lessor's agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable, nor shall the term herein specified be in any way extended, but in such event, Lessee shall not be liable for any rent until such time as Lessor can deliver possession. If the Lessor shall deliver possession of the Premises to the Lessee prior to the commencement date of this Lease, Lessee agree to accept same at such time and both Lessor and Lessee agree to be bound by all of the provisions and obligations hereunder during such prior period, except that rent shall be pro-rated for such prior period.

7. SURRENDER ON TERMINATION: At the expiration of the term of this Lease, or of any renewal or extension thereof, or on the earlier termination of this Lease, the Lessee will surrender the Leased premises in a clean and neat condition and in as good condition as when received by the Lessee from Lessor or as thereafter improved, reasonable wear and tear excepted.

Lessee shall repair any damage to the leased premises on the building occasioned by the removal of Lessee's trade fixtures and equipment, or will pay to the Lessor such reasonable sums as will defray the cost of repair necessitated by such removal, and if the Lessor so directs, shall remove his trade fixtures. If Lessee has failed to remove Lessee's fixtures from the Leased

Premises after the termination of this Lease, Lessor shall have the right, at Lessor's option, and at Lessee's expense, to remove such fixtures from the Leased Premises.

8. USE: It is understood and agreed that the premises are to be used for the purpose of conducting therein a tavern serving beer, wine and food as well as gambling, and any other related business.

9. INTERIOR MAINTENANCE & OPERATION: Lessee shall pay for all utilities to the demised premises including but not limited to its own fuel, electricity, water, sewer, gas, and janitor services. Lessee shall keep or cause to be kept, at Lessee's sole cost and expense, in a neat, clean and orderly condition (including any necessary replacements) those nonstructural, interior improvements in the Demised Premises including, but not limited to, the plate glass storefront and doors, all partitions, fixtures, equipment and appurtenances, heating and air conditioning system including any exterior components thereof, interior plumbing and electrical systems and the interior of the Demised Premises generally.

With respect to any item of maintenance and repair which is the obligation of the Lessee under this lease, the Lessee shall be subrogated to the Lessor's rights against any building contractor arising out of the contractor's guarantee against faulty workmanship and materials. If from time to time Lessor should elect to supply utilities, including water, sewer, gas, electricity, heat by way of common heating plant, air conditioning (or any combination of them), Lessee will purchase its requirements from the Lessor so long as the rates are competitive. Further, Lessee shall pay any taxes or assessments measured by the use of utilities on the premises or its proportionate share of such taxes or assessments should same be imposed on the entire premises. In no event shall Lessor be liable for any interruption of failure in the supply of any such utilities to the leased premises where such interruption is beyond the control of the Lessor. Any obligations incurred, during the tenancy and prior to the expiration of this lease, are to be billed by Lessor no more than 90 days after tenancy has expired and are to be paid within 30 days from date of tenancy.

10. LIABILITY INSURANCE: The Lessee agrees to secure and maintain bodily injury, property damage insurance and personal liability insurance with combined single limit of \$2,000,000.00, naming the Lessor and Lessor's agent as an additional insured and providing the Lessor or his agent with a certificate of insurance in force including the name of the insurance company, the effective date of the policy, coverage, and limits provided. Said insurance shall require 30 days notification to Lessor by the insurance company prior to cancellation. The Lessee agrees to indemnify and save the Lessor and the Lessor's agent harmless from

and against any and all claims of any nature whatsoever arising from any act, omission or negligence of the Lessee or the Lessee's contractors, licensees, agents, servants, employees or invitees or arising from any accident, injury or damage caused to any person or property occurring in or about the Leased Premises or elsewhere in the above described property if such accident, damage or injury is claimed to have resulted from an act for which the Lessee is allegedly responsible. This indemnity and hold harmless agreement includes costs, expenses and costs of defense.

11. GOVERNMENTAL FEES: All fees, taxes, and assessments including rent tax, business tax, excluding real estate tax, payable to the City, County, State and U.S.A. during the life of this lease shall be paid by Lessee within 15 days of receiving notice of fees, assessments or taxes due.

12. ACCIDENTS: All personal property on said Leased Premises shall be at the risk of the Lessee. Lessor or Lessor's agent shall not be liable for any damage either to person or property, sustained by Lessee or others caused by any defects now in said premises or hereafter occurring therein, or due to the building in which the Leased Premises are situated, or any part or appurtenance thereof, becoming out of repair, or caused by fire or by the bursting or leaking of water, gas, sewer or steam pipes, or from any other persons, including Lessor or Lessor's agent or employees or due to the happening of any accident from whatsoever cause in and about said building. Lessee agrees to defend and hold Lessor and Lessor's agent harmless from any and all claims for damages suffered or alleged to be suffered in or about the Leased Premises by any person, firm, or corporation, except for Lessor's negligence or intentional misconduct.

13. CARE OF PREMISES: The Lessor shall not be called upon to make any improvement or repair of any kind upon said premises and said premises shall at all times be kept and used in accordance with the laws of the State of Washington and ordinances of the County and City of Spokane, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector or other proper office of the County and City of Spokane, by the Lessee, at the sole cost and expense of said Lessee. Lessee will permit no waste, damage or injury to the premises, and at Lessee's own cost and expense will keep all drainage pipes free and open and will protect water, heating and other pipes so that they will not freeze or become clogged, and will repair all leaks, and will also repair all damage caused by leaks or by reason of Lessee's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on said premises. Lessee shall be liable for the removal of ice and snow from the sidewalks in front of and about said premises. Lessee agrees not to overload the floors beyond their capacity.

14. OCCUPANCY: Lessee covenants to and it is the essence of this Lease that Lessee shall continuously and uninterruptedly during the term of this Lease occupy and use the Premises for the purpose herein specified and remain open during normal business hours, except while the premises are untenable by reason of fire or other damage. Temporary suspension or closing for vacations or redecoration or remodeling or for any other purpose for periods not exceeding a total of 20 days in any one anniversary year shall not be considered as interruption or suspension under this clause.

15. LIENS AND INSOLVENCY: Lessee shall keep the Leased Premises and the property in which the Leased Premises are situated, free from any liens arising out of any work performed including materials furnished or obligations incurred by Lessee. In the event Lessee becomes insolvent, voluntarily bankrupt, or is judicially declared incompetent, or if a receiver, assignee or other liquidating officer is appointed for the business of the Lessee, or if Lessee files a bankruptcy petition then the Lessor may cancel this Lease at Lessor's option. The parties covenant and agree that in the event that a Petition for relief under any Federal bankruptcy law is filed on, by, or on behalf of Lessee, whether voluntary or involuntary, then this Lease shall have expired and been automatically terminated on the day before the date of filing of Lessee's petition.

It is further agreed that the Lessor's duties under this Lease are promised by the Lessor only to the Lessee, and each party agrees that Lessor is excused from accepting performance from or rendering performance to any entity other than the Lessee, whether or not this Lease prohibits or restricts assignment of rights or delegation of duties. Lessor does not consent to assignment of rights or assumption of duties hereunder to any trustee in bankruptcy or any assignee of Trustee.

16. ASSIGNMENT: Lessee shall not let nor sublet the whole nor any part thereof nor assign this Lease or any part thereof without the written consent of Lessor, such consent not to be unreasonably withheld. Lessor to be provided with copy of sublease. This Lease shall not be assignable by operation of law. If Lessee is a corporation, then any transfer of this Lease from Lessee by merger, consolidation or liquidation and any change in the ownership of, or power to vote, the majority of its outstanding voting stock, shall constitute an assignment for the purpose of this paragraph. If consent is once given by the Lessor to the assignment of this Lease, or any interest therein, Lessor shall not be barred from afterwards refusing to consent to any further assignment. If there is an assignment, Lessee shall remain liable thereto. Any decrease in rates by reason of subletting, shall be borne by Lessee.

17. PREMISES DAMAGE OR DESTRUCTION: In the event the premises are damaged to such an extent as to render the same untenable in whole or in a substantial part thereof, or are

destroyed, it shall be optional with the Lessor to repair or rebuild the same; and after the happening of any such contingency the Lessee shall give Lessor or Lessor's agents immediate written notice thereof. Lessor shall not have more than 60 days after date of such notification to notify the Lessee in writing of Lessor's intentions to repair or rebuild said Premises, or the part so damaged as aforesaid, and if Lessor elects to repair or rebuild said Premises, Lessor shall prosecute the work of such repairing or rebuilding without unnecessary delay, and during such period the rent of said Premises shall be abated in the same ratio the portion of the Premises rendered for the time being unfit for occupancy shall bear to the whole of the Leased Premises. If the Lessor shall fail to give the notice aforesaid, Lessee shall have the right to declare this Lease terminated by written notice served upon the Lessor or Lessor's agents. In the event the building or any space occupied in the building, in which the Premises hereby leased is damaged to the extent of 25 percent or more of its market value immediately prior to such damage, then it shall be optional with the Lessor to terminate this Lease by written notice served on the Lessee within 90 days after such damage. Market value shall be determined at the Lessor's expense of an appraisal, by an appraiser to be selected by the Lessor.

18. **NOTICES:** All notices hereunder shall be in writing and sent by United States certified or registered mail, postage prepaid, or by overnight delivery service providing proof of receipt, addressed if to Lessor, or Lessor's agent, to the place where rent checks are to be mailed, and if to Lessee, Mr. Treiry, 3218 E. 24th Ave., Spokane, WA 99223.

19. **SIGNS:** All signs, marquees, or symbols placed in the windows or doors of the Premises, or upon any exterior part of the building by the Lessee must meet code for the City of Spokane. Any signs or marquees so placed on the Premises shall be so placed with the understanding and agreement that Lessee will remove same at the termination of the tenancy herein created, if Lessor so requests, and repair any damage or injury to the Premises caused thereby, and if not so removed by Lessee, then Lessor may have same so removed at Lessee's expense. In addition to the security, cleaning and damage deposit, Lessor may require that an additional sum be deposited sufficient to pay for the estimated cost of repair to the building, upon removal, at the termination of the Lease, of any signs, marquees, etc. that were affixed to the building.

20. **ALTERATIONS AND ADDITIONS:** Lessee may, without Lessor's prior written consent, make nonstructural alterations, additions or improvements to the Leased Premises. Lessor is not obligated to pay for any tenant improvements and any such improvements will be solely the obligation of the Lessee. As a condition to giving such consent, Lessor may require that Lessee remove any such alterations, improvements, additions, including utility installations, at the expiration of this Lease, and restore the

Premises to their prior condition. Lessee shall not permit any mechanics' or materialmen's liens to exist or to be filed against the Premises. Lessee shall hold Lessor harmless from any damage, loss or expense arising out of any work done pursuant to this paragraph. All work done on or to the Leased Premises shall be done in compliance with all applicable governmental codes and regulations. Unless otherwise agreed in writing, all such alterations, improvements or additions shall become a part of the building and remain upon, and be surrendered with, the Leased Premises at the termination of this Lease. Lessee's equipment and trade fixtures, other than that which is affixed to the Leased Premises or that it cannot be removed without material damage to the Leased Premises, shall remain the property of Lessee and may be removed by Lessee, subject to provisions of paragraph (8). Any increase in insurance or real estate taxes resulting from Lessee's alterations or improvements shall be paid by the Lessee.

21. DEFAULTS AND RE-ENTRY: If any rents above reserved or any part thereof, shall be and remain unpaid when the same become due, or if Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this Lease upon giving the notice required by law, and re-enter the Premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee covenants and agrees to make good to the Lessor any deficiency arising from a re-entry and reletting of the Premises at a lesser rental than herein agreed to. The Lessee shall pay such deficiency each month, as the amount thereof is ascertained by the Lessor, including but not limited to, costs and expenses incurred in the re-letting of the Premises, any broker's commissions incurred by Landlord in connection with such reletting, rents due, utility costs and all other charges as determined by law. Any amounts owing but unpaid by the Lessee shall bear and accrue interest at the maximum rate provided by law.

22. LESSOR'S RIGHT OF ENTRY: The Lessor and its authorized agent shall have the right to enter the demised premises during normal business hours for the purpose of inspecting the general condition and state of repair of the Premises and for showing of the Premises to any prospective Lessee within the period of six months prior to the expiration of this Lease if the Lease has not been renewed, and during any period of month to month tenancy. The Lessor shall have the right to enter the Premises for the purposes as stated above, whether the Lessee is still conducting business as usual or has ceased operations.

23. EMERGENCY ENTRY: In the event of an emergency the Lessor and its authorized agents or public authorities shall have the right to enter the Leased Premises at any time to prevent damage to the Leased Premises or other parts of the above described property or to preserve the public peace.

24. VENUE: Any action shall be commenced and maintained in Spokane County, Washington, regardless of Lessee's residence or place of business.

25. NON-WAIVER OF BREACH: The failure of the Lessor to insist upon strict performance of the covenants and agreements of this Lease, or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such, or any other covenants or agreements but the same shall be and remain in full force and effect.

26. REMOVAL OF PROPERTY: In the event of any entry in, or taking possession of, the Leased Premises as aforesaid, the Lessor shall have the right, but not the obligation, to remove from the Leased Premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, the proceeds of such a sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to Lessee.

27. HEIRS AND SUCCESSORS: Subject to the provisions hereof pertaining to assignment and subletting, the covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and assignees of any or all of the parties hereto.

28. HOLDING OVER: If the Lessee shall hold over after the expiration of this Lease without a new lease having been entered into, then the Lessee shall be on a month to month tenancy, but otherwise on all of the same terms and conditions as provided in this Lease. Hold Over is to be with the written consent of the Lessor. Lessee agrees that at the expiration or sooner termination on this Lease, Lessee will quit and surrender the said Premises without notice, and in a neat and clean condition and will deliver up all keys belonging to said Premises to the Lessor or Lessor's agents if the Lessor does not consent in writing to the Hold Over.

29. COMMON TENANCY: If the premises leased herein includes any part of the building in common used by other Lessees of the same building, the Lessee agrees to conform to all reasonable rules and regulation that may be adopted by the Lessor pertaining to such portions of the building in common use.

30. EMINENT DOMAIN: If the whole of the Leased Premises shall be taken by any public authority under the power of eminent domain, the lease then shall cease as of the day possession shall be taken by such public authority, and Lessee shall pay rent up to that date with an appropriate refund by Lessor of such rent as shall have been paid in advance for a period subsequent to the date of taking. If less than twenty-five percent (25%) of the floor

space of the Leased Premises shall be so taken, the Lease term shall cease only on the parts so taken as of the day possession shall be taken by such public authority, and Lessee shall pay rent up to that day with an appropriate refund by Lessor of such rent as may have been paid in advance for a period subsequent to the date of taking and thereafter the fixed minimum rent shall be equitably adjusted. Lessor shall at its expense make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining premises a complete architectural unit. If more than twenty-five percent (25%) of the floor space of the Leased Premises shall be so taken, then the lease term shall cease only on the part so taken from the day possession shall be taken by such public authority, and Lessee shall pay rent up to that day with an appropriate refund by Lessor of such rent as any have been paid in advance for a period subsequent to the date of the taking and either party shall have the right to terminate this Lease upon notice in writing within thirty (30) days after such taking of possession. In the event Lessee remains in possession, and Lessor does not so terminate, all of the terms herein provided shall continue in effect except that the rent shall be equitably adjusted and Lessor shall make all necessary repairs or alterations to the basic building and exterior work so as to constitute the remaining premises a complete architectural unit. If more than fifty percent (50%) of the floor space in the building in which the Leased Premises are located shall be taken under the power of eminent domain, either party, may by notice in writing to the other delivered on or before the day of surrendering possession to the public authority, terminate this Lease, and rent shall be paid or refunded as of the date of termination. All compensation awarded for any taking under the power of eminent domain, whether for the whole or part of the Leased Premises, shall be the property of the Lessor, whether such damages shall be awarded as compensation for the diminution in the value of or loss of the leasehold or for diminution in the value of or loss of the fee of the Leased Premises, or otherwise, the Lessee hereby assigns to Lessor all of Lessee's right, title and interest in and to any and all compensation, provided, however, that Lessor shall not be entitled to any award made to Lessee for loss of business or depreciation of and cost of removal of stock and fixtures.

31. DEFAULT BY LESSOR: Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Lessee in writing. Said notice shall specify wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance then Lessor shall not be in default if Lessor commences

performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Lessee further agrees not to invoke any of its remedies under this Lease until said thirty (30) days have elapsed. In no event shall Lessee have the right to terminate this Lease as a result of Lessor's default and Lessee's remedies shall be limited to damages and/or an injunction.

If Lessor is in default of this Lease, and as a consequence Lessee recovers a money judgment against Lessor, the judgment shall be satisfied only out of the proceeds of sale received on execution of the judgement and levy against the right, title and interest of Lessor in the Leased Premises and out of rent or other income from such real property receivable by Lessor or out of the consideration received by Lessor from the sale or other disposition of all or any part of Lessor's right, title and interest in the Leased Premises.

32. LESSOR'S EXCULPATION: In the event of any transfer, assignment or reconveyance of Lessor's interest in the Lease, Lessor shall be relieved of all covenants and obligations of Lessor hereunder provided that such purchaser or successor has assumed all such covenants and obligations of the Lessor hereunder.

Lessee acknowledges and agrees that the liability of Lessor under this Lease shall be limited to Lessor's interest in the Leased Premises and the rents, income and profits thereunder.

33. MUTUAL INDEMNITY: Except for loss, cost and expense caused by fire or other perils, Lessor and Lessee shall each indemnify and hold harmless the other against and from any and all loss, cost and expense resulting from their own respective negligent acts and omissions or the negligent acts and omissions of their respective employees in the course of their employment. The indemnifications provided for in this Article with respect to any tortious acts or omissions during the term of this Lease, shall survive the termination or expiration of this Lease.

34. LESSOR AND LESSEE DEFINED: The words "Lessor" and "Lessee" shall be construed in conformity with the number and nature of Lessor and Lessee herein, and this Lease shall bind and inure to the benefits of the successors in interest of both parties.

35. MISCELLANEOUS: Time is hereby declared to be of the essence of each and every provision hereof, and no waiver of any breach of any condition or covenant shall waive any such condition or covenant or future breach thereof, or this covenant as to time.

Captions of the several articles contained in this Lease are for convenience only and do not constitute a part of this Lease and do not limit, affect or construe the contents of such articles.

If any provision of this Lease shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

ATTORNEY FEES AND COSTS: In any action to enforce, interpret, or rescind this lease, the most prevailing party shall recover reasonable attorney's fees and costs from the other party.

ACCEPTANCE OF PREMISES: Lessee has had the opportunity to make full and complete inspection of the leased pursuant to this lease and accepts them on an "as is" basis, without any further responsibility of the lessor for any construction, repairs, alteration or additions thereto.

It is hereby agreed and acknowledged that this lease is granted contingent upon Trefry Ent. dba the Bulldog Tavern shall not be in material breach of the business installment contract with Willard C. Quinn II. If at any time Trefry Ent. LLC has materially breached said business installment contract which results in the sellers retaking the business, this lease shall be terminated effective the last day of the month during which the business is retaken by the original sellers.


Further, for the sole purposes of this lease, the parties agree that if the landowner, Willard C. Quinn III, must attempt to lease the premises while the original seller is retaking the business a good faith effort will be understood to mean that the landowner need only attempt to lease to another enterprise operating a tavern and further, that he is free to set the lease amount at any level that he wishes.

Further, it is understood by all parties that Trefry Ent. LLC shall have the first right of refusal should the property described above be put up for sale. It is the intent of the Willard C. Quinn III to sell the above described property, in its entirety, to Trefry Ent., LLC at the completion of the fifteen (15) year period of this lease.

The parties agree that the price shall be determined by an appraisal done by a mutually agreed upon party and that the final price will be at a fair market value at the time of the sale.

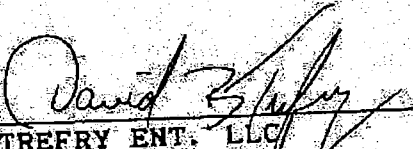
IN WITNESS WHEREOF, the Lessor has caused these presents to be executed, and the Lessee has caused these presents to be properly executed as of the day and year first above written.

LESSOR:


Willard C. Quinn III

5/31/96
DATE

LESSEE:


TREFRY ENT. LLC
BY DAVID B. TREFRY

May 31, 1996
DATE


BRIAN C. FRANKLIN


PATRICIA M. MULLARKEY


WAYNE J. WAKEFIELD

STATE OF WASHINGTON)

SS.

County of Spokane)

On this day appeared before me David B. Trefry, Brian C. Franklin, Patricia M. Mullarkey, Wayne J. Wakefield and, Willard C. Quinn III, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the purposes therein mentioned.

GIVEN under my hand and official seal this 31st day of May 1996.

Anna DUBES
 NOTARY PUBLIC in and for the
 State of Washington, residing
 in Spokane.
 My commission expires APR. 11, 1999

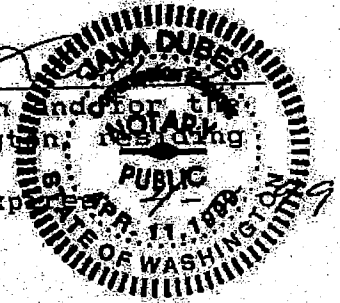


EXHIBIT "A"

Legal Description of Business Premises

The South 85.7 feet of Lot 12, Block 29, SECOND SINTO ADDITION, EXCEPT the North 32.7 feet of Lot 12, according to plat recorded in Volume "A" of Plats, page 145, in the City of Spokane, Spokane County, Washington;

ALSO the West 12.5 feet of vacated Hamilton Street adjacent to the South 85.7 feet of Lot 12, Block 29, SECOND SINTO ADDITION, EXCEPT the North 32.7 feet of Lot 12.

Said property having street addresses of North 1303-05 Hamilton and East 829 Sharp, Spokane, Washington.

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is entered into effective the 29th day of August, 1996, by and between BULLDOG TAVERN & HAMBURGER EMPORIUM, INC., a Washington corporation (hereinafter referred to as "Seller"); WILLARD C. QUINN, JR. and MARY LOU QUINN, husband and wife (hereinafter referred to as Seller's Shareholders); and TREFRY ENTERPRISES, L.L.C., a Washington Limited Liability Company (hereinafter referred to as "Buyer").

R E C I T A L S :

A. WHEREAS, the Seller owns the assets described herein comprising a restaurant and bar known as the Bulldog Tavern located at N. 1305 Hamilton, Spokane, Washington 99202 ("the Business"), and desires to sell the assets of the Business to Buyer; and

B. WHEREAS, Buyer desires to purchase from Seller all of the assets of the Business, all on the terms and conditions as contained herein.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained herein, together with other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Sale of Seller's Assets. The Seller agrees to and hereby sells, assigns, transfers and conveys to Buyer, and Buyer agrees to and hereby purchases, effective upon the Closing Date as hereinafter defined, the following-described assets of the Business owned by Seller.

1.1 The assets of the Business, located on the Business premises, including but not limited to: the furniture, fixtures, equipment, food and supplies inventories, trade names, logos, telephone numbers and goodwill, all as detailed on Exhibit "1.1" attached hereto.

1.2 The items of leased personal property and equipment described on Exhibit "1.2" attached hereto.

2. Excluded Assets.

2.1 Cash, Accounts Receivable, and Other Excluded Assets.

Excluded from this sale are accounts receivable existing at Closing and cash on hand.

3. Purchase Price of Seller's Assets. In consideration for the foregoing sale and assignment of Seller's assets:

3.1 Purchase Price. As the purchase price for the assets of the Business, as detailed in Paragraph 1 herein, Buyer shall pay to Seller the aggregate sum of Three Hundred Fifty Thousand Dollars (\$350,000.00).

3.2 Payment of Purchase Price. At closing the purchase price as set forth at subparagraph 3.1 hereunder shall be paid as follows:

(a) The Buyer shall pay to the Seller the sum of One Hundred Fifteen Thousand Dollars (\$115,000.00) plus Seller's actual cost of the inventory of food, beer, wine and supplies on hand at the time of closing in cash in the form of a cashiers' check or other funds acceptable to Seller. Credit shall be given to the Buyer at closing for the earnest money deposit in the amount of \$30,000.00 previously paid by Buyer and held in the trust account of Witherspoon, Kelley, Davenport & Toole;

(b) The Buyer shall deliver a promissory note (the "Promissory Note") in the principal amount of Two Hundred Thirty Five Thousand Dollars (\$235,000.00). The Promissory Note will be payable over fifteen years in equal monthly installments of \$2,561.38 each, including interest at the rate of 10-1/4% per annum, with the first of such installments to be payable on the first day of October, 1996 and thereafter on the first day of each month until the entire balance of the principal and interest due under the Promissory Note is paid

in full. The Promissory Note shall be personally guaranteed, jointly and severally, by David Trefry, Brian S. Franklin, Patricia M. Mullarkey and Wayne J. Wakefield (the "Buyer's Members"), and shall be secured by a security agreement on the furniture, fixtures, equipment, trade name, logos, telephone number and inventory described in Exhibit 1.1 attached hereto, the payment and performance of which shall also be personally guaranteed, jointly and severally, by the Buyer's Members. The Promissory Note shall be further secured by an assignment for security purposes of Buyer's lease of the premises upon which the Business is located; provided, however, a default by Buyer under the lease shall not be considered a default hereunder.

3.3 Expenses of Closing and Prorates. The parties agree that among the expenses of Closing shall be attorney's fees, accountant's fees, filing fees, prorated charges, sales tax, and personal property taxes. Unless otherwise provided herein, such expenses shall be paid by the parties as follows:

(a) Each party shall pay its own employees, attorney's and accountant's fees.

(b) Seller shall be responsible for all employee related expenses (including but not limited to wages, employment taxes, accrued vacation and sick leave to the extent any thereof is payable) accrued prior to the Closing Date. Seller agrees to terminate all of its employees effective as of the Closing Date. Buyer shall have the right to interview and hire any of Seller's employees effective upon the Closing Date.

(c) Seller shall pay all taxes imposed by reason of the sale hereunder, except Buyer shall pay applicable sales or use tax with reference to the sale price of the tangible personal property.

(d) Utilities and other items which are metered or similarly determined, if any, shall be read or determined on the Closing Date, and such charges shall be paid by Seller. Utilities and other items which are not metered or determinable, including telephone service and computer time charges, will be prorated as of Closing based upon the number of days in 1996 before and after Closing.

(e) The personal property taxes levied for the year 1996, shall be prorated based upon the number of days in the calendar year before and after the Closing and paid as due. Unpaid prior years' taxes shall be paid by Seller at the time of Closing.

(f) All receipts and expenses of the business including, without limitation, payroll expenses, shall be allocated between the Seller and the Buyer as of 11:59 p.m. on the Closing Date.

3.4 Allocation of Purchase Price. The parties hereto agree that the purchase price shall be allocated in accordance with the schedule attached hereto as Exhibit "3.4".

3.5 Assumption of Liabilities. By its purchase of assets hereunder, Buyer neither assumes any outstanding liabilities of Seller nor takes any property subject to such liabilities.

4. Representations and Warranties of Seller. Seller hereby represents and warrants to Buyer the following, such facts are deemed by the parties to be material, each of which representations and warranties shall be continuing, shall be true at the date hereof, and the Closing Date and shall survive the Closing.

4.1 Corporate Existence and Authority. Seller is a Washington corporation duly organized, existing and in good standing under the laws of the State of Washington, and is entitled to own or lease its assets and properties and to carry on its business in

the State of Washington; sale of the Subject Assets has been approved by the Board of Directors and shareholders of Seller.

4.2 Liens and Good Title. The Seller has good and marketable title to all personal property to be sold hereunder, free and clear of any and all liens, encumbrances or claims of third parties. All of said property is assignable and neither Seller nor Seller's Shareholders have entered into any other contract to sell or mortgage such property.

4.3 Permits, and Licenses. Attached hereto as Exhibit "4.2" is a listing of all permits, licenses, and similar authorizations from governmental or industry authorities acquired by Seller with reference to the Business, and also, as part of Exhibit "4.2", is a listing of all telephone numbers and telephone installations relating to any property conveyed to Buyer under the terms of this Agreement; and any telephone service contracts now in effect.

4.4 Authority to Transfer. Seller has full power and authority to transfer its assets to Buyer hereunder without obtaining the approval of any other person or governmental authority, except for the governmental approvals required for the transfer of Seller's liquor and gambling licenses and permits.

4.5 No Breach. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will result in a breach of any term or provisions of, or constitute a default, or an event with or without notice or lapse of time or both, would constitute a default, under the Articles of Incorporation or Bylaws of the Seller, or under any lease, license, promissory note, agreement, indenture, mortgage, deed of trust or other instrument to which the Seller or Seller's Shareholders are a party or by which it or its property is bound.

4.6 Compliance with Law, Permits and Licenses. To the best of its knowledge, the Seller is in compliance with all applicable federal, state and local regulatory laws, ordinances, rules,

regulations and orders relating to its business, including all zoning laws and regulations.

4.7 Litigation and Claims. There is no pending litigation, claim, or investigation by any governmental authority, legal, administrative, or arbitration proceeding pending, or threatened against or affecting the Seller, or any of its officers, directors, shareholders, properties, assets or business which would affect the consummation of the transaction provided for under this Agreement. Seller is not subject to any outstanding orders, writs, injunctions, or decrees of any court, arbitration tribunal, or governmental authority against or affecting it or its properties or business. The Seller has not received notice of any violation of any applicable federal, state or local statute, ordinance, rule or regulation affecting the Seller's assets or business activities.

4.8 Tax Returns and Taxes. Seller has, to the best of its knowledge, filed all tax returns and paid all taxes owing to federal, state or local governmental authorities.

4.9 Prepaid Services or Merchandise. Seller has no outstanding arrangements with any persons under which goods or services have been sold on a prepaid basis.

4.10 Finders' Fees and Brokers' Commissions. The Seller has not incurred any liability for finders' fees, brokerage commissions, or similar charges in connection with the transactions contemplated by this Agreement, nor is he aware of anyone rendering such services in connection herewith.

4.11 No Material Adverse Change. There has been no material adverse change in the financial condition, business or results of operation of Seller since December 31, 1995.

5. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller the following, each of which representations and warranties are deemed by the parties to be material,

shall be continuing, shall be true at the date hereof, and shall survive the Closing:

5.1 Finders and Brokers. Buyer has not incurred any liability for finders' fees, brokerage commissions, or similar charges in connection with the transactions contemplated by this Agreement, nor is it aware of anyone rendering such services in connection herewith.

5.2 Authorization. This Agreement and all documents to be delivered by Buyer hereunder will be duly and validly authorized, executed and delivered by Buyer and shall constitute the valid and binding obligation of Buyer enforceable in accordance with their terms, subject to laws affecting the enforcement of creditor's rights generally without requiring the approval or consent of any other persons or governmental authority.

5.3 Corporate Existence and Qualification. Trefry Enterprises, L.L.C. is a limited liability company duly formed and existing in good standing under the laws of the State of Washington.

5.4 Buyer's Investigation of Seller. Buyer represents and acknowledge that it has been given access to, and has had the opportunity to review and have reviewed by accountants of its choice, the financial statements of Seller, and has had to its satisfaction examined the assets, liabilities and other facets of the business of Seller and has satisfied itself as to the worth of the Business. Seller agrees to furnish or cause to be furnished to buyer and its representatives all data and information concerning the subject assets and business that may reasonably be requested by Buyer prior to Closing. Buyer and other representatives may inspect (at reasonable time or times) the subject assets and premises on which the Business is conducted.

6. Covenants of the Seller. The Seller hereby covenants and represents as follows:

6.1 Continuing Representations and Warranties. Promptly upon the occurrence of, or upon Seller becoming aware of an impending or threatened occurrence of, any event which would cause or constitute a material breach, or which would have caused or constituted a breach had such event occurred prior to the date hereof, of any of the representations or warranties of the Seller contained in or referred to in this Agreement or in any Exhibit to this Agreement, Seller (or Seller's Shareholders if Seller is then dissolved) shall give written notice thereof to Buyer and shall use his best efforts to prevent or promptly remedy the same.

6.2 Consents of Third Parties. The Seller has obtained or will use his best efforts to obtain by Closing all necessary consents of third parties required for the consummation of the transaction contemplated hereunder; provided, however, that the Buyer shall have the sole responsibility for the transfer or issuance of all beer, wine, liquor, gambling and business licenses and permits and all leases of real or personal property necessary for it to conduct a tavern business on the premises. Seller agrees to cooperate with Buyer in Buyer's efforts to obtain the transfer and issuance of all licenses, permits and leases referred to under this Section 6.2.

6.3 Consummation of Agreement. The Seller will perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully performed.

6.4 Employee Records. The Seller will provide Buyer, on or before Closing, complete and accurate copies of all employee records relative to the current employees of Seller. Such records shall detail pay rates, vacation, bonuses, and sick leave. Seller has no employees subject to collective bargaining agreements. The authorized agents of Buyer shall be given the opportunity at the time of the announcement to Seller's current employees of the sale

herein to meet with such employees and discuss possible future employment and training. Seller shall allow Buyer to commence the training of such employees, provided that such training does not interfere with the employee's responsibilities and duties to Seller prior to Closing.

6.5 Further Assurances. Subsequent to Closing, the Seller shall execute and deliver such further instruments of transfer and shall take such other actions as Buyer or its counsel may reasonably request in order to more effectively transfer the assets sold hereunder.

6.7 Operation of Business. Prior to Closing, Seller will continue, except as provided in this subparagraph, to operate the Business in the usual and ordinary course of business. Seller has not or will not since the date hereof, through the Closing Date, directly or indirectly:

(a) Neglect to perform any ordinary maintenance and repairs to fixtures, furniture, and equipment;

(b) Create or suffer any liens, encumbrances, security interests, mortgages, deeds of trust, pledges, or other charges of any kind to be placed on any of its assets sold hereunder.

(c) Suffer or incur any material adverse change in its Business.

(d) Sell, lease, assign, or otherwise transfer any of the assets of the Business, or any interest therein, except in the ordinary course of its Business.

(e) Incur or suffer any material damage, destruction, or loss to any property, assets of the Business.

(f) Accept prepayment for any goods or services or accept payment for any goods or services until the same have been provided.

(g) Seller shall continue to carry its existing insurance, subject to variations in amounts required by ordinary operations of its business.

(h) Seller shall use its best efforts, without making any commitments on behalf of Buyer, to preserve its business organization intact, to keep available to Seller for possible hire by Buyer its present employees, and to preserve its present relationships with suppliers, customers, and others having business relationships with it.

7. Conditions Precedent to Obligations of Buyer. The obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

7.1 Representations and Warranties of the Seller. Each of the representations and warranties of the Seller contained and in and referenced in this Agreement shall be true and there shall not have any material error, misstatement or omission in any of such representations or warranties.

7.2 Performance by the Seller. The Seller shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed and complied with by it prior to or on the Closing.

7.3 No Material Change. There shall have been no material adverse change in the financial condition of the Seller, or in the assets to be sold hereunder, whether by loss, damage, destruction or otherwise, during the period from the date hereof through the Closing, except as described herein.

7.4 Approvals - Lease. All approvals necessary to the consummation of the transactions contemplated by this Agreement shall have been received prior to the Closing; including, but not limited to the execution of a new lease agreement by Buyer for the premises upon which the Business is located.

8. Covenants of Buyer.

8.1 Performance of Covenants. Buyer hereby covenants that from and after the date hereof, Buyer shall perform and fulfill all conditions and obligations on the part of Buyer to be performed and fulfilled under this Agreement to the end that the transactions contemplated by this Agreement shall be fully performed.

8.2 Continuing Representations and Warranties. Promptly upon the occurrence of, or upon Buyer becoming aware of an impending or threatened occurrence of, any event which would cause or constitute a breach, or which would have caused or constituted a breach had such event occurred prior to the date hereof, of any of the representations or warranties of Buyer contained in or referred to in this Agreement or in any Exhibit to this Agreement, Buyer shall give detailed written notice thereof to Seller and shall use its best efforts to prevent or promptly remedy the same.

9. Conditions Precedent to Obligations of the Seller. The obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

9.1 Representations and Warranties of Buyer. Each of the representations and warranties of Buyer contained in and referenced in this Agreement shall be true on and as of the Closing and there shall not have been any material error, misstatement or omission in any such representation or warranty.

9.2 Performance by Buyer. Buyer shall have performed and complied with all of the covenants, agreements, and conditions required by this Agreement to be performed, complied with and executed by Buyer prior to or on the Closing.

10. The Closing. The Closing shall be held at the offices of Seller's counsel, Witherspoon, Kelley, Davenport & Toole, 1100 U.S. Bank Building, Spokane, Washington at 10:00 a.m. local time on August 29, 1996 (the "Closing Date"), unless extended by agreement of Seller and Buyer.

The Closing shall be effective as of 2:01 a.m. on August 31, 1996. Such location shall not imply any representation of Buyer by such counsel.

10.1 At the Closing, Buyer shall deliver the following items: To the Closing Agent, in compliance with subparagraphs 3.2 and 3.3 hereunder.

(a) a cashier's or certified check in the amount of \$85,000 (\$115,000 minus the \$30,000 earnest money deposit heretofore paid) plus Buyer's share of Closing costs;

(b) the Promissory Note and Security Agreement described under Section 3.2(b) in form reasonably satisfactory to counsel for Seller; and

(c) the guaranties of the Promissory Note and Security Agreement provided for under Section 3.2(b) signed by each of Buyer's Members in form reasonably satisfactory to counsel for Seller.

10.2 At the Closing, the Seller shall deliver to Buyer a bill of sale and assignment transferring to Buyer the tangible and intangible personal property being purchased by it hereunder.

11. Miscellaneous Covenants.

11.1 Risk of Loss. The risk of loss, damage or destruction of or to its assets shall be borne by the Seller prior to Closing.

11.2 Expenses. Except as expressly set forth herein, each party hereto will pay all costs and expenses of its own performance of and compliance with all agreements and conditions contained in this Agreement.

11.3 Waiver. No waiver of any of the terms or conditions of this Agreement shall be binding or effective for any purpose unless expressed in writing and executed by the party giving the same. No examination or investigation by or on behalf of Buyer shall constitute or operate as a waiver by Buyer of any representation or warranty of the Seller under this Agreement, or have the effect of

estopping Buyer from asserting any breach or failure of any such representation or warranty. No examination or investigation by or on behalf of Seller shall constitute or operate as a waiver by Seller of any representation or warranty of Buyer under this Agreement, or have the effect of estopping Seller from asserting any breach or failure of any such representation or warranty.

11.4 Indemnification by Seller. Seller and Seller's Shareholders, jointly and severally (hereinafter in this Paragraph referred to as the "Indemnitor"), agree to and shall indemnify Buyer, its successor and assigns, against any and all damages resulting from any breach of any representations or covenants set forth in this Agreement, or the untruth or inaccuracy thereof, or the acts, liabilities or obligations of them, or arising from the ownership or operation of the Business prior to Closing. Indemnitor further agrees to, and shall, indemnify Buyer against any and all such debts, liabilities, choses in action or claims of any nature, absolute or contingent, together with all expenses and legal fees resulting from any such breach, untruth or inaccuracy, act, liability or obligation or which may be incurred to compromise or defend such liabilities, choices in action, or claims of any nature, absolute or contingent. Buyer, its successors or assigns, shall notify the Indemnitor of any such liability, asserted liability, breach of warranty, untruth or inaccuracy of representation, or any claim thereof, with reasonable promptness. Indemnitor, or its legal representative, shall have, at its election, the right to settle or defend any such matter involving liability asserted by a third party through counsel of its own choosing, at the expense of Indemnitor. Such notice and opportunity to compromise or defend, as applicable, shall be a condition precedent to any liability of Indemnitor with regard to the claim of a third party under this indemnity provision. In the event that Indemnitor undertakes to compromise or defend any such liability, it shall notify Buyer, or its successors or assigns,

in writing promptly of its intention to do so, and Buyer, its successors and assigns, agrees to cooperate with the Indemnitor and its counsel in compromising or defending any such liabilities.

11.5 Indemnification by Buyer. Buyer and Buyer's members (hereinafter in this paragraph referred to as the "Indemnitor") agree to and shall indemnify Seller against any and all damages resulting from any breach of any representation or covenant set forth in this Agreement, or the untruth or inaccuracy thereof, or the acts, liabilities, or obligations of it arising from the ownership or operation of the Business after Closing. Indemnitor further agrees to and shall indemnify Seller against any and all such debts, liabilities, choses in action, or claims of any nature, absolute or contingent, together with all expenses and legal fees resulting from any such breach, untruth, or inaccuracy, act, liability, or obligation which may be incurred to compromise or defend such liabilities, choses in action, or claims of any nature, absolute or contingent. Seller shall notify the Indemnitor of any such liability, asserted liability, breach of warranty, untruth, or inaccuracy of representation, or any claim thereof, with reasonable promise. Indemnitor or its legal representative shall have, at its election, a right to sell or defend such matter involving liability asserted by a third party through counsel of its own choosing, at the expense of Indemnitor. Such notice and opportunity, compromise, or defense, as applicable, shall be a condition precedent to any liability of Indemnitor with regard to the claim of a third party under this indemnity provision. In the event that Indemnitor undertakes to compromise or defend any such liability, it shall notify Seller in writing promptly of its intention to do so, and Seller agrees to cooperate with the Indemnitor and its counsel in compromising and defending any such liabilities.

11.6 Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the state of

Washington and venue with respect to any dispute shall be laid in Spokane County, Washington, except as may be required by law.

11.7 Notice. All notices, requests, demands and other communications hereunder shall be in writing, and shall be deemed to have been duly given if mailed, first class, postage prepaid, certified mail, with return receipt requested:

If to Buyer: Trefry Enterprises, L.L.C.
 c/o David Trefry
 1305 N. Hamilton St.
 Spokane, WA 99202

With a copy to: Gair Petrie
 Paine, Hamblen, Coffin,
 Brooke & Miller
 1200 Washington Trust Financial
 Center
 717 W. Sprague Avenue
 Spokane, WA 99204

If to Seller: Bulldog Tavern & Hamburger
 Emporium, Inc.
 c/o Willard Quinn, Jr.
 91-3 North Bay Lane
 Port Ludlow, WA 98365

With a copy to: Robert L. Magnuson
 Witherspoon, Kelley, Davenport
 & Toole
 1100 U.S. Bank Building
 Spokane, WA 99201

Any party may change the address to which notice shall be sent by giving written notice of such change of address in accordance herewith.

11.8 Successors and Assigns. All of the terms and conditions of this Agreement, and the rights and obligations of the parties hereunder, shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto;

provided, however, that this Agreement shall not be assignable by Buyer without the prior written consent of Seller.

11.9 Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to the transactions contemplated hereby as an exclusive statement, and incorporates and supersedes all prior and contemporaneous negotiations, agreements, arrangements and understandings related to the subject matter hereof. This Agreement may not be amended, terminated or otherwise modified, except by a written instrument executed by all of the parties to be bound thereby.

11.10 Captions and Headings. The captions and headings contained herein are for convenience of reference only, and shall not in any way affect the meaning or interpretation of this Agreement.

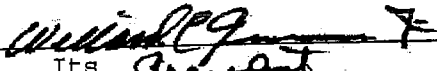
11.11 Attorney Fees. In the event that any party shall bring an action in connection with the performance, breach or interpretation of this Agreement, or in any way relating to the transactions contemplated hereby, the prevailing party in such action shall be entitled to recover from the losing party all reasonable costs and expenses of litigation, including attorney's fees, court costs, costs of investigation, accounting and other costs reasonably related to such litigation, in such amount as may be determined in the sole discretion of the court having jurisdiction over such action.

11.12 No Third-Party Beneficiary. No person shall be deemed a third-party beneficiary hereof.

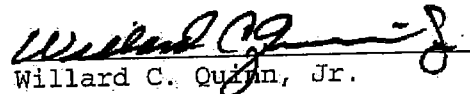
11.13 Exhibits. All Exhibits attached to this Agreement are incorporated in the Agreement by the references herein as though set forth in verbatim text.

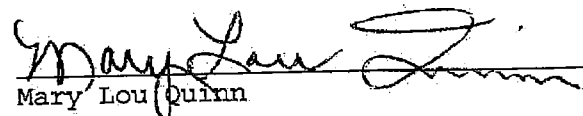
IN WITNESS WHEREOF, the parties have executed this Agreement on the date referenced above.

BULLDOG TAVERN & HAMBURGER
EMPORIUM, INC., a Washington
Corporation

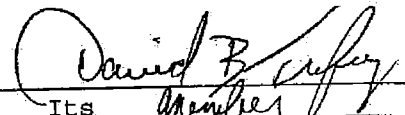
By 
Its President

"Seller"


Willard C. Quinn, Jr.


Mary Lou Quinn

TREFRY ENTERPRISES, L.L.C., a Washington
limited liability company

By 
Its Member

"Buyer"

GUARANTY

In consideration of the Seller entering into the within and foregoing Asset Purchase Agreement, the undersigned hereby guarantee, jointly and severally, the performance of Trefry Enterprises, L.L.C. and the payment of all sums due or to become due under such Asset Purchase Agreement.

David B. Trefry
DAVID TREFRY

Brian E. Franklin
BRIAN E. FRANKLIN
Pct

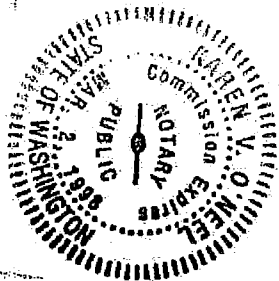
Patricia M. Mullarkey
PATRICIA M. MULLARKEY

Wayne J. Wakefield
WAYNE J. WAKEFIELD

STATE OF WASHINGTON)
County of Spokane) ss.

I certify that I know or have satisfactory evidence that WILLARD QUINN, JR. signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it, as the President of BULLDOG TAVERN & HAMBURGER EMPORIUM, L.L.C, a Washington Limited Liability Company, to be the free and voluntary act of such corporation, for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.



Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/12/98

State of Washington)
County of Snohomish) ss.

I certify that I know or have satisfactory evidence that WILLARD C. QUINN, JR. is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

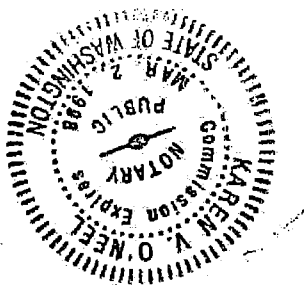


Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Snohomish
My appointment expires: 3/1/98

State of Washington)
County of Snohomish) ss.

I certify that I know or have satisfactory evidence that MARY LOU QUINN is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

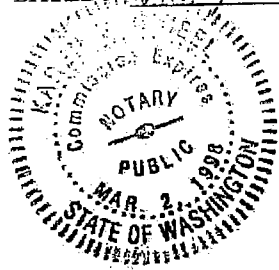


Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Snohomish
My appointment expires: 3/1/98

State of Washington)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that DAVID TREFRY is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

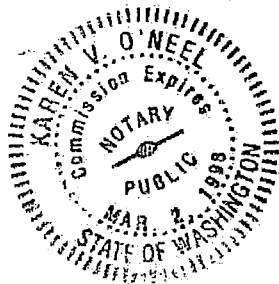


Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/2/98

State of Washington)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that BRIAN ~~FRANKLIN~~ is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

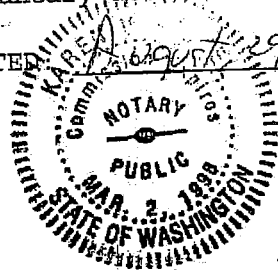


Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/2/98

State of Washington)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that PATRICIA M. MULLARKEY is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

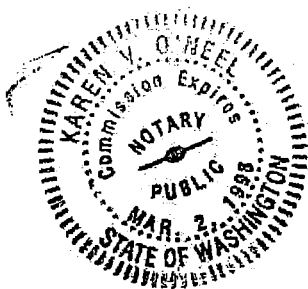


Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/2/98

State of Washington)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that WAYNE J. WAKEFIELD is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.



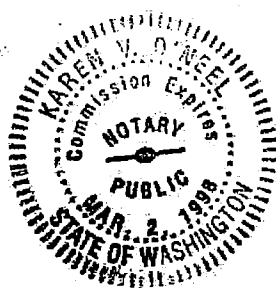
Karen V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/2/98

STATE OF WASHINGTON)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that David B. Trefry signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it, as the Member, of TREFRY ENTERPRISES, L.L.C, a Washington Limited Liability Company, to be the free and voluntary act of such corporation, for the uses and purposes mentioned in the instrument.

DATED: August 29, 1996.

Kara V. O'Neil
NOTARY PUBLIC in and for the State
of Washington, residing at Spokane
My appointment expires: 3/2/98



LIST OF EXHIBITS

- Exhibit "1.1" - List of Assets
- Exhibit "1.2" - Personal Property and Equipment
- Exhibit "3.4" - Allocation of Purchase Price
- Exhibit "4.2" - List of Permits and Licenses

EXHIBIT "1.1"

List of Assets

	Safe (Garry)
	Galaxy corn popper
1	cigarette rack
	surveillance camera
	VCR with TV viewer
2	burner Bunn coffee maker
1	Glenray hotdog bunmaker
19	fish bowls
1	telephone at bar
1	wine dispenser
1	compressor for walk-in cooler
2	pull tab machines
1	Samsung FB 4915-24 key
1	coin dispenser
1	bar glass washer
1	3 compartment sink
1	Scotsman ice maker 40 lbs.
1	walk-in cooler
1	16 drawer for gambling
10	picnic beer taps
14	tap back bar beer dispenser
20	bar stools
	bar neon lights around bar
47	chairs
2	buddy bars
16	buddy bar stools
1	25" TV - Zenith
1	pro light electronic reader board
1	quality billiard pool table - 4x8 plus racks
1	50" Sylvania TV with stand
9	Budweiser table lamps
3	Budweiser pool table lamps
1	Hanair smokeater
2	smokeaters
5	Venetian blinds
2	spotlights (entertainment) - 2 additional ceiling spots
1	fooz table light
3-4	person booths with tables
5	side lights
2	Valley 4x8 pool tables plus racks
3	cue stick racks
19	cue sticks
3	sets pool table balls

1 Bud Lite clock
 1 Camel Lite clock
 1 7 person booths with tables
 4 5 person booths with tables
 1 16 person unit with tables
 1 pool chalk holder
 43' bar
 1 2-1/2' table
 5 3-1/2 x 2/1/2 tables
 3 lighted exit signs
 1 Eureka vacuum
 1 large mop bucket
 1 100 water heater
 2 paper towel dispenser
 2 toilet paper dispenser
 1 soap dispenser
 3 fan blower for walk-in cooler
 1 5' hand truck/ 1 4' hand truck
 8 30 gallon garbage cans
 1 metal can front of bar
 3 20 gallon waste container
 2 bathroom mirrors
 1 condom machine
 1 tampon machine
 2 garbage cans - restroom
 2 toilets - 1 urinal
 2 restroom sinks
 24' long 12' - 3' walk in cooler
 2 fire extinguishers 5.5 ABC
 3 bar fans
 1 6' ladder
 2 metal file cabinets
 1 2-1/2 x 5 metal desk, chair and lamp
 1 wastepaper basket
 1 4' prep table
 1 10 cubic refrigerator
 3 stainless racks shelving 2' x 4'
 1 stainless table top prep 4' x 2-1/2'
 1 Prekel meat slicer Model 821
 1 Toastmaster 2 plate burner hotplate
 1 pint ketchup bottle filler
 1 Bloomfield french fry slicer
 1 individual pizza oven
 1 2' x 2' fan
 1 4' cubic freezer
 1 12' cubic freezer
 1 Royal 770 HD calculator

- 1 desk telephone
- 1 Tec Ma-216 cash register
- 1 6' stainless steel prep table
- 1 toaster 4 slice
- 1 15" x 20" cutting board
- 1 stone-nite 4' x 2" sandwich bar stainless
- 1 Sharp carousel #2 micro
- 1 3' x 30" Wolf regency grill
- 1 2 basket deep fryer
- 1 Wolf 3 burner gas
- 1 8' hood above
- 1 fire extinguisher 8JR25DC
- 1 6' stainless for cooking equip.
- 1 2' stainless table for pizza
- 1 2 door Supior refrig 51" x 66"
- 1 Lobart dishwasher
- 1 stainless steel 3 sink
- 1 grease trap
- 1 outside Bulldog neon sign on Hamilton Street

Employees - restroom:

- sink - toilet - wastepaper basket - towel and toilet dispensers
- 1 kitchen clock
- 1 telephone
- 1 stainless steel 4 side grater
- Foicschner bread knife
- chef knife
- 405-6 knife
- 404-7 knife
- 14" knife steel
- 16" magnetic knife holder
- 14" chef knife
- 3 bus tubs
- 2 11 qt. stainless pots
- 1 4 qt. stainless pot

Such other assets owned by the Seller not included herein as are located on the Business premises and used in the Business.

Trade Name: Bulldog Tavern & Hamburger Emporium

Telephone No.: 509-487-6735

Logos: All of Seller's rights in any logos used in the Business.

EXHIBIT "1.2"

Leased Personal Property and Equipment

Pepsi Cola Dispenser leased from Pepsico

EXHIBIT "3.4"

Allocation of Purchase Price

Furniture, Fixtures and Equipment	\$ 6,000.00
Goodwill	<u>\$ 344,000.00</u>
Total	\$ 350,000.00

EXHIBIT "4.2"

List of Permits, Licenses and Telephone Numbers

Liquor License
Gambling License
Business License

Telephone Number: 509-487-6735