

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 30, 2003

PURCHASESOFT, INC.

(Exact Name of Registrant as Specified in Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

0-11791

13-2897997

(Commission File Number)

(IRS Employer Identification No.)

7514 Girard Ave Ste 1440 La Jolla, CA 92037
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code:
(858) 456-6608

Item 5. Other Events and Regulation FD Disclosure

At a special Board Meeting on May 30, 2003, the Board discussed and approved the following disclosure of items of material interest to the Company's shareholders.

Restart of Operations

The Company executed a Consulting Agreement (Exhibit 10.3) with former PurchaseSoft employee Stu Williamson to serve as Vice President Support for a monthly retainer and some shares included in the transaction disclosed in the following paragraph. Williamson successfully restored the Company's data and software on two servers, one in his office in Massachusetts and one at headquarters in California. JPMorganCHASE and Chiquita Brands were signed to maintenance programs in Q4, and Chase purchased an upgrade from GT PurchasePRO to PurchaseSoft 5.2. With the first new revenue, the Company will begin reporting results as a going concern in Q4 and with the filing of the Company's annual 10-KSB.

Shares to be Issued by Flagg & Marsh

As part of the effort to attract and compensate individuals to assist in the restart of PurchaseSoft, Inc. and conserve the Company's cash, the Company made certain verbal and written commitments to issue 4,289,500 shares of stock. These shares were to be granted as compensation for advisory, M&A, legal, ISP and website hosting, support and sales services.

Steve Flagg and Tom Marsh have agreed to offer their personal shares in satisfaction of the Company's obligation to be sold in private transactions to these individuals in the amount indicated at a price of \$.0001 per share contingent on each party's acceptance of these shares as full settlement of the Company's obligation under any agreements, written or verbal. Flagg and Marsh have made this offer with the objective to minimize any dilution to the public shareholders during this restart period. The transactions are to be completed as soon as possible. On completion of these settlements, there will be no outstanding warrants, options or agreements to issue shares for services to the Company.

Acquisition

Steve Flagg presented an opportunity to acquire a procurement and sourcing software company. Flagg proposed that PurchaseSoft make an offer of cash and royalty payments for the assets of the company, which had trailing twelve months revenues of more than \$3.0 million. Execution of such an offer would require the Company complete a private placement for the acquisition price and working capital. The Board unanimously approved this action authorizing Flagg to pursue this transaction.

Private Placement

Tom Marsh presented plans for a private placement offering of the Company's common stock to raise \$1,020,000. The Offering would be contingent on the completion of the above referenced acquisition. The offering would be for 8,500,000 shares at \$0.12 per share reflecting a proforma, post closing valuation for PurchaseSoft, Inc. of \$5,014,472. Marsh was authorized to prepare the offering and begin solicitation of accredited investors.

Management Compensation

Since assuming control of the Company in August 2001, Steve Flagg and Tom Marsh have fulfilled their duties without compensation other than the reimbursement of office and travel expenses.

With the resumption of operations and a potential acquisition, counsel has advised Flagg and Marsh that the existence of formal management contracts would provide clarity to shareholders and prospective investors as to their intentions regarding compensation. Consequently, the attached Management Consulting Agreements (Exhibits 10.1 & 10.2) were submitted to the Board and approved. The agreements are identical and retain both officers as independent contractors whose compensation is a function of revenue, completed acquisitions and financings.

Werner Loechle nomination was approved to serve as the Company's Vice President International. His responsibilities will be to focus on developing merger and acquisition opportunities for the Company and assist in the management of those operations once acquired. He will be compensated as a consultant at a rate to be determined at a later date. He is receiving shares from Flagg and Marsh as part of the transactions discussed above.

Item 7. EXHIBITS

- 10.1 Management Consulting Agreement – Steven Flagg
- 10.2 Management Consulting Agreement – Thomas Marsh
- 10.3 Consulting Agreement – Stuart Williamson

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.

PURCHASESOFT, INC.

/s/ Thomas B. Marsh

Signature

Name: Thomas B. Marsh
Title: Secretary and Treasurer

Dated: May 30, 2003

EXHIBIT 10.1

MANAGEMENT CONSULTING AGREEMENT

This Management Consulting Agreement ("Agreement") is entered into this 30th day of May, 2003, by and between **PurchaseSoft, Inc.**, a corporation organized and existing under the laws of the State of Delaware and having a principal place of business at 7514 Girard Ave Ste 1440, La Jolla, CA 92037 ("Client"), and **Steven A. Flagg**, an individual having a principal place of business at 7514 Girard Ave Ste 1440, La Jolla, CA 92037 ("Consultant").

1. Performance by Consultant

Consultant agrees to provide management consulting services to Client as may be necessary to completely discharge the duties of the offices of President and Chief Executive Officer for PurchaseSoft, Inc. Consultant agrees to spend his time on the affairs of the Company to the extent necessary to discharge the responsibilities attendant to these offices, to use his reasonable best efforts to perform faithfully and efficiently such responsibilities.

2. Payment for Services

a. *Fees, Price Protection.* Client agrees to pay Consultant for the management consulting services as follows:

1. Company will pay a commission of 10% of revenue per month from software licenses, upgrades, maintenance, hosting and professional services, however, such revenue will not include revenue from acquired operations for which compensation is determined under 2.a.2. below. Compensation under this paragraph shall be limited to a maximum of \$10,000 per month. Commission is calculated on revenue as recorded in the Company's accounting records under GAAP and is payable by the 10th of the following month.
2. Company will pay a management fee of \$10,000 at closing and \$3,000 per month thereafter for each acquisition completed by the Company provided the aggregate value of the acquisition at closing is over \$500,000. Monthly fee is payable by the 10th of the following month.
3. Company will pay a commission of 2% on the net proceeds received by the Company from any debt or equity financing transaction completed whose aggregate value exceeds \$100,000. The maximum paid under this provision will be \$50,000 per transaction. Payment will be due within five days of the receipt of funds by the Company.

The total fees paid under 2.a.1 and 2.a.2 above shall be limited to a maximum of \$15,000 per month. The fees as specified herein are the total fees and charges for the services and will not be increased during the term of this Agreement except as the parties may agree in writing.

b. *Out-of-Pocket Expenses.* Consultant shall be reimbursed for all reasonable out-of-pocket expenses including, but not limited to, meals, suitable short-term housing, and transportation expenses such as gas and mileage. Consultant shall follow Client's standard practices in the submission of all claims for reimbursement.

c. *Grant of Non-Statutory Stock Option.* None.

3. Rights in Data and Works

a. *Ownership.* Consultant agrees that Client is the owner of all right, title and interest in all computer programs, including any source code, object code, enhancements and modifications, all files, including input and output materials, all documentation related to such computer programs and files, all media upon which any such computer programs, files and documentation are located (including tapes, disks and other storage media) and all related material that are used by, developed for, or paid for by Client in connection with the performance of any services provided by Consultant before or after the date set forth above.

b. *Proprietary Rights.* In no way limiting Section 3.a above, Consultant agrees that all copyrights and other proprietary rights in computer programs, files, documentation, and related materials that are paid for by Client or developed by Consultant in connection with this Agreement are owned by Client and Consultant hereby assigns to Client all right, title and interest in such copyrights and other proprietary rights.

4. Termination

a. *Commencement and Renewal.* This Agreement shall commence on the date set forth above and shall remain in effect for one year. Thereafter, this Agreement shall be renewed automatically without interruption for successive one (1) year terms at the same terms, conditions and prices as set forth herein except that there shall be no additional grants of options to purchase stock without separate Board action. After the initial one year term, either party may notify the other party, in writing, of its election not to renew, in which event this Agreement will terminate one hundred eighty (180) days after receipt of such notice. This Agreement may be renewed with revised terms, conditions and prices only upon written agreement of both parties.

b. *Termination.* Either party, upon giving written notice to the other party, may terminate this Agreement:

i. if the other party or its employees, consultants or other agents violate any provision of this Agreement and the violation is not remedied within thirty (30) days of the party's receipt of written notice of the violation;

ii. if at any time after the commencement of the Services, Client, in its reasonable judgment, determines that such services are inadequate, unsatisfactory, or substantially nonconforming to the specifications, descriptions, warranties, or representations contained herein and the problem is not remedied within thirty (30) days of the party's receipt of written notice describing the problem; or

In the event that any of the above events occurs to a party, that party shall immediately notify the other party of its occurrence.

c. *Obligations Upon Expiration or Termination.* Upon expiration or termination of this Agreement, Consultant shall promptly return to Client all computer programs, files, documentation, media, related material and any other material that, pursuant to Section 3 above, is owned by Client. Expiration or termination of this Agreement shall not relieve either party of its obligations regarding Confidential Information under Section 5 below.

5. Confidential Information

a. *Non-Disclosure.* Each party agrees not to use, disclose, sell, license, publish, reproduce or otherwise make available the Confidential Information of the other party except and only to the extent necessary to perform under this Agreement. Each party agrees to secure and protect the other party's Confidential Information in a manner consistent with the maintenance of the other party's confidential and proprietary rights in the information and to take appropriate action by instruction or agreement with its employees, consultants or other agents who are permitted access to the other party's Confidential Information to satisfy its obligations under this Section.

b. *Definition.* "Confidential Information" means a party's information, not generally known by non-party personnel, used by the party and which is proprietary to the party or the disclosure of which would be detrimental to the party. Confidential Information includes, but is not limited to, the following types of information (whether or not reduced to writing or designated as confidential):

- i. work product resulting from or related to Services performed under this Agreement;
- ii. a party's computer software, including documentation;
- iii. a party's internal personnel, financial, marketing and other business information and manner and method of conducting business;
- iv. a party's strategic, operations and other business plans and forecasts;
- v. confidential information provided by or regarding a party's employees, customers, vendors and other contractors; and

6. Limitation of Liability

In no event shall either of the parties hereto be liable to the other for the payment of any consequential, indirect, or special damages, including lost profits. Client agrees to provide Consultant with coverage as an officer under its Directors and Officers Liability Insurance Policy with respect to all services performed by Consultant pursuant to this Agreement.

7. Assignment

a. *Consent Required.* Consultant shall not assign or subcontract the whole or any part of this Agreement without Client's prior written consent.

b. *Subcontracting.* Any subcontract made by Consultant with the consent of Client shall incorporate by reference all the terms of this Agreement. Consultant agrees to guarantee the performance of any subcontractor used in performance of the Services.

8. Other Provisions

a. *Status as Independent Contractor.* Consultant and Client are contractors independent of one another and neither party's employees will be considered employees of the other party for any purpose.

b. *Applicable Law and Forum.* This Agreement shall be governed and construed in accordance with the laws of the State of California without regard to the conflicts of laws or principles thereof.

c. *Waiver.* No waiver by Client of any breach by Consultant of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provisions hereof. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

d. *Entire Agreement.* This Agreement constitutes the entire agreement between Consultant and Client.

e. *Modifications.* No modification of this Agreement shall be effective unless in writing and signed by both parties.

f. *Severability.* If any provision of this Agreement is invalid or unenforceable under any statute or rule of law, the provision is to that extent to be deemed omitted and the remaining provisions shall not be affected in any way.

IN WITNESS WHEREOF, and in acknowledgment that the parties hereto have read and understood each and every provision hereof, the parties have executed this Agreement on the date first set forth above.

CLIENT:

/s/ Thomas B. Marsh

Signature

Thomas B. Marsh
Name

Name

Secretary and Treasurer
Title

Title

7514 Girard Ave Ste 1440

La Jolla, CA 92037
Address

Address

CONSULTANT:

/s/ Steven A. Flagg

Signature

Steven A. Flagg
Name

Name

7514 Girard Ave Ste 1440

La Jolla, CA 92037
Address

Address

EXHIBIT 10.2

MANAGEMENT CONSULTING AGREEMENT

This Management Consulting Agreement ("Agreement") is entered into this 30th day of May, 2003, by and between **PurchaseSoft, Inc.**, a corporation organized and existing under the laws of the State of Delaware and having a principal place of business at 7514 Girard Ave Ste 1440, La Jolla, CA 92037 ("Client"), and **Thomas B. Marsh**, an individual having a principal place of business at 7514 Girard Ave Ste 1440, La Jolla, CA 92037 ("Consultant").

1. Performance by Consultant

Consultant agrees to provide management consulting services to Client as may be necessary to completely discharge the duties of the offices of Secretary and Treasurer for PurchaseSoft, Inc. Consultant agrees to spend his time on the affairs of the Company to the extent necessary to discharge the responsibilities attendant to these offices, to use his reasonable best efforts to perform faithfully and efficiently such responsibilities.

2. Payment for Services

a. *Fees, Price Protection.* Client agrees to pay Consultant for the management consulting services as follows:

4. Company will pay a commission of 10% of revenue per month from software licenses, upgrades, maintenance, hosting and professional services, however, such revenue will not include revenue from acquired operations for which compensation is determined under 2.a.2. below. Compensation under this paragraph shall be limited to a maximum of \$10,000 per month. Commission is calculated on revenue as recorded in the Company's accounting records under GAAP and is payable by the 10th of the following month.
5. Company will pay a management fee of \$10,000 at closing and \$3,000 per month thereafter for each acquisition completed by the Company provided the aggregate value of the acquisition at closing is over \$500,000. Monthly fee is payable by the 10th of the following month.
6. Company will pay a commission of 2% on the net proceeds received by the Company from any debt or equity financing transaction completed whose aggregate value exceeds \$100,000. The maximum paid under this provision will be \$50,000 per transaction. Payment will be due within five days of the receipt of funds by the Company.

The total fees paid under 2.a.1 and 2.a.2 above shall be limited to a maximum of \$15,000 per month. The fees as specified herein are the total fees and charges for the services and will not be increased during the term of this Agreement except as the parties may agree in writing.

b. *Out-of-Pocket Expenses.* Consultant shall be reimbursed for all reasonable out-of-pocket expenses including, but not limited to, meals, suitable short-term housing, and transportation expenses such as gas and mileage. Consultant shall follow Client's standard practices in the submission of all claims for reimbursement.

c. *Grant of Non-Statutory Stock Option.* None.

3. Rights in Data and Works

a. *Ownership.* Consultant agrees that Client is the owner of all right, title and interest in all computer programs, including any source code, object code, enhancements and modifications, all files, including input and output materials, all documentation related to such computer programs and files, all media upon which any such computer programs, files and documentation are located (including tapes, disks and other storage media) and all related material that are used by, developed for, or paid for by Client in connection with the performance of any services provided by Consultant before or after the date set forth above.

b. *Proprietary Rights.* In no way limiting Section 3.a above, Consultant agrees that all copyrights and other proprietary rights in computer programs, files, documentation, and related materials that are paid for by Client or developed by Consultant in connection with this Agreement are owned by Client and Consultant hereby assigns to Client all right, title and interest in such copyrights and other proprietary rights.

4. Termination

a. *Commencement and Renewal.* This Agreement shall commence on the date set forth above and shall remain in effect for one year. Thereafter, this Agreement shall be renewed automatically without interruption for successive one (1) year terms at the same terms, conditions and prices as set forth herein except that there shall be no additional grants of options to purchase stock without separate Board action. After the initial one year term, either party may notify the other party, in writing, of its election not to renew, in which event this Agreement will terminate one hundred eighty (180) days after receipt of such notice. This Agreement may be renewed with revised terms, conditions and prices only upon written agreement of both parties.

b. *Termination.* Either party, upon giving written notice to the other party, may terminate this Agreement:

i. if the other party or its employees, consultants or other agents violate any provision of this Agreement and the violation is not remedied within thirty (30) days of the party's receipt of written notice of the violation;

ii. if at any time after the commencement of the Services, Client, in its reasonable judgment, determines that such services are inadequate, unsatisfactory, or substantially nonconforming to the specifications, descriptions, warranties, or representations contained herein and the problem is not remedied within thirty (30) days of the party's receipt of written notice describing the problem; or

In the event that any of the above events occurs to a party, that party shall immediately notify the other party of its occurrence.

c. *Obligations Upon Expiration or Termination.* Upon expiration or termination of this Agreement, Consultant shall promptly return to Client all computer programs, files, documentation, media, related material and any other material that, pursuant to Section 3 above, is owned by Client. Expiration or termination of this Agreement shall not relieve either party of its obligations regarding Confidential Information under Section 5 below.

5. Confidential Information

a. *Non-Disclosure.* Each party agrees not to use, disclose, sell, license, publish, reproduce or otherwise make available the Confidential Information of the other party except and only to the extent necessary to perform under this Agreement. Each party agrees to secure and protect the other party's Confidential Information in a manner consistent with the maintenance of the other party's confidential and proprietary rights in the information and to take appropriate action by instruction or agreement with its employees, consultants or other agents who are permitted access to the other party's Confidential Information to satisfy its obligations under this Section.

b. *Definition.* "Confidential Information" means a party's information, not generally known by non-party personnel, used by the party and which is proprietary to the party or the disclosure of which would be detrimental to the party. Confidential Information includes, but is not limited to, the following types of information (whether or not reduced to writing or designated as confidential):

- i. work product resulting from or related to Services performed under this Agreement;
- ii. a party's computer software, including documentation;
- iii. a party's internal personnel, financial, marketing and other business information and manner and method of conducting business;
- iv. a party's strategic, operations and other business plans and forecasts;
- v. confidential information provided by or regarding a party's employees, customers, vendors and other contractors; and

6. Limitation of Liability

In no event shall either of the parties hereto be liable to the other for the payment of any consequential, indirect, or special damages, including lost profits. Client agrees to provide Consultant with coverage as an officer under its Directors and Officers Liability Insurance Policy with respect to all services performed by Consultant pursuant to this Agreement.

7. Assignment

a. *Consent Required.* Consultant shall not assign or subcontract the whole or any part of this Agreement without Client's prior written consent.

b. *Subcontracting.* Any subcontract made by Consultant with the consent of Client shall incorporate by reference all the terms of this Agreement. Consultant agrees to guarantee the performance of any subcontractor used in performance of the Services.

8. Other Provisions

a. *Status as Independent Contractor.* Consultant and Client are contractors independent of one another and neither party's employees will be considered employees of the other party for any purpose.

b. *Applicable Law and Forum.* This Agreement shall be governed and construed in accordance with the laws of the State of California without regard to the conflicts of laws or principles thereof.

c. *Waiver.* No waiver by Client of any breach by Consultant of any of the provisions of this Agreement shall be deemed a waiver of any preceding or succeeding breach of the same or any other provisions hereof. No such waiver shall be effective unless in writing and then only to the extent expressly set forth in writing.

d. *Entire Agreement.* This Agreement constitutes the entire agreement between Consultant and Client.

e. *Modifications.* No modification of this Agreement shall be effective unless in writing and signed by both parties.

g. *Severability.* If any provision of this Agreement is invalid or unenforceable under any statute or rule of law, the provision is to that extent to be deemed omitted and the remaining provisions shall not be affected in any way.

IN WITNESS WHEREOF, and in acknowledgment that the parties hereto have read and understood each and every provision hereof, the parties have executed this Agreement on the date first set forth above.

CLIENT:

/s/ Steven A. Flagg

Signature

Steven A. Flagg

Name

President

Title

7514 Girard Ave Ste 1440

La Jolla, CA 92037

Address

CONSULTANT:

/s/ Thomas B. Marsh

Signature

Thomas B. Marsh

Name

7514 Girard Ave Ste 1440

La Jolla, CA 92037

Address

EXHIBIT 10.3

CONSULTING AGREEMENT

THIS AGREEMENT (this "Agreement") made and entered into as of the "effective date"(defined below) by and between PURCHASESOFT INC., a Delaware corporation ("PURC") and STUART WILLIAMSON, an individual ("Williamson").

WHEREAS, PURC desires to retain Williamson and Williamson desires to serve PURC as set forth below, and

WHEREAS, PURC and Williamson desire to set forth in this Agreement the terms and conditions of such service during the term hereof.

NOW, THEREFORE, it is mutually agreed by and between the parties hereto, as follows:

1. **Title.** PURC hereby retains Williamson and Williamson hereby accepts the position as a Vice-President of Support for PURC, subject to the approval of PURC's Board of Directors.
2. **Term.** The term of this Agreement shall be from the effective date of first monthly payment for a 1-year period, unless terminated sooner as provided in this Agreement.
3. **Duties.** Williamson agrees that during the term of this Agreement, he shall faithfully and diligently perform all such duties and furnish all such services as are necessary or appropriate and consistent with his position as set forth in Section 1 above, and as the Board of Directors or the President of PURC shall direct from time to time.
4. **Compensation.** During the term of this Agreement with PURC, PURC agrees to compensate Williamson in accordance with the following terms;
 - (a) **Base Compensation.** A monthly retainer fee of 1,200.(twelve hundred) dollars per month for the period of the services provided.
 - (b) **Equity Participation in the Company.** In consideration of the services to be rendered by Williamson to PURC pursuant thereto, PURC herewith agrees to grant and issue Williamson's common stock of PURC in the amount of Two Hundred and Forty Thousand Shares (240,000). These shares shall vest in 1/12th installments on the last day of each month during the term of this Agreement and be subject to the following provisions: (a) if PURC terminates Williamson for cause or Williamson terminates his position with PURC, any and all of Williamson's shares which have not vested prior to or as of such termination shall thereupon, and with no further action, be forfeited and cease to be outstanding; (b) Subject to the other provisions of this agreement and to the applicable provisions of Rule 144 of the Securities Act of 1933, during the period commencing on the effective date of this agreement and ending on which the common stock is registered under the Act, Williamson shall not voluntarily or involuntarily sell, transfer, pledge, anticipate, alienate, encumber or assign the shares (except by will or the laws of descent and distribution of the state where Williamson is domiciled at the time of his death), other than to PURC nor may the shares be attached or garnished. Except as provided herein, Williamson shall have, in respect of the shares, all rights of a stockholder of PURC.
5. **Benefits.** None.
6. **Restrictive Covenants.** For a period of one (1) year following any termination of Williamson's Agreement with PURC for any reason, including without limitation, termination occasioned by the resignation of Williamson, Williamson shall not (nor shall be cause, or provide substantial assistance to, anyone else to):

- (a) Interfere with the relationship of PURC with any of its employees, agents or representatives, including, but not limited to, soliciting directly or indirectly any employee of PURC to leave the employ of PURC.
- (b) Solicit directly or indirectly on behalf of Williamson himself or another person or entity with who Williamson may have become or anticipates becoming associated, the clients or prospective clients of PURC who were clients or prospective clients of PURC during the term of Williamson's employment under this agreement.
- (c) Directly divert or attempt to divert from PURC any business in which PURC has been actively engaged during the term hereof, nor interfere with the relationships of PURC with its clients.

In addition to any other rights available to PURC, in the event of any breach or threatened breach by Williamson of this Section 6, PURC shall be entitled to an injunction from a court of competent jurisdiction restraining Williamson from any of the acts described in this Section 6. Further, any material breach of this Section 6 by Williamson shall result in the forfeiture by Williamson of any and all rights to any payments and/or stock vesting hereunder which are unpaid and/or not fully vested at the time of breach and in such event, PURC shall have no further obligation to pay any amounts or vest any stock equity related thereto. Nothing herein shall be construed as prohibiting PURC from pursuing any other remedies available to PURC for such breach or threatened breach, including the recovery of damages from Williamson.

7. **Termination.**

- (a) Termination After Execution. Either PURC or Williamson may terminate this Agreement hereunder after the execution of this Agreement upon not less than thirty (30) days' advance written notice to the other party. Upon such termination by Williamson, Williamson shall have no rights to any further payments under this Agreement, and except for any stock accrued for Williamson's services prior thereto. Upon such termination by PURC [other than termination "for cause" as defined in Section 7(c)], Williamson shall have no rights to any further payments under this Agreement, and PURC shall be under no obligation to pay any further amounts.
- (b) Death or Disability. This Agreement shall terminate automatically on the death or disability of Williamson. For purposes of this Agreement, Williamson shall be deemed to be disabled if he is unable to engage in a significant portion of the normal duties of his position with PURC as Vice President with or without reasonable accommodation, by reason of physical or mental impairment which can be expect to result in death or which has lasted or can be expected to last for a continuous period of not less than six (6) months.
- (c) Indemnification. The Company agrees to indemnify and hold harmless Williamson from and against all losses, claims, damages, liabilities and expenses incurred by them (including fees and disbursements of counsel) which are related to or arise out of Williamson activities on behalf of the Company under this Agreement except to the extent such losses have resulted from the bad faith or willful misconduct of Williamson.
- (d) Termination by PURC for Cause. PURC may terminate this Agreement immediately upon notice to Williamson. For purposes of this Agreement, termination of Williamson by PURC "for cause" shall mean termination based upon any one or more of the following:
 - i. Any material breach of this Agreement by Williamson;

- ii. An act of dishonesty or fraud by Williamson in connection with Williamson's services hereunder;
- iii. Gross negligence or willful misconduct in the performance of Williamson's duties as determined in good faith by PURC's board of directors;
- iv. Failure by Williamson to follow the reasonable directive of PURC's President or Board of Directors;
- v. Fraud or criminal activity;
- vi. Embezzlement or misappropriation by Williamson; or
- vii. Other misconduct by Williamson which, in the sole judgment of PURC's Board of Directors, makes his continued relationship inconsistent with PURC's best interests, which misconduct has not ceased within ten (10) days after written notice thereof to Williamson from PURC. Upon any such termination "for cause," Williamson shall have no rights to any further payments, nor any rights to further stock vesting under this Agreement, except for any unpaid amounts of stock accrued for Williamson's services prior thereto.

(e) **Termination by PURC Other Than For Cause.** At any time during the term of this Agreement, PURC may terminate Williamson other than "for cause" [as such term is defined in Section 7 (c)] upon thirty (30) days written notice to Williamson.

8. **Representation.** Williamson represents and warrants that the performance of the terms of this Agreement will not conflict with or result in the breach of any other agreement to which Williamson is a party or by which Williamson is bound.

9. **Survival.** Notwithstanding Section 7 of this Agreement, the provisions of Section 6 of this Agreement shall survive any termination of this Agreement by PURC or Williamson for such periods as are necessary to enforce the provisions of Section 6 hereof.

10. **Waiver.** The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of a breach of any other provision or any subsequent breach.

11. **Assignment.** The rights and benefits of PURC under this Agreement shall be transferable, and all covenants and agreements shall inure to the benefit of, and be enforceable by its successors and assigns. Williamson may not assign this Agreement, nor shall Williamson hypothecate, delegate, encumber, alienate, transfer or otherwise dispose of his rights and duties hereunder.

12. **Severability.** If any clause, phrase, provision or portion of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable under any applicable law, such event shall not affect or render invalid or unenforceable the remainder of this Agreement and shall not effect the application of any clause, provision, or portion hereof of any other person or circumstance.

13. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State California, without giving effect to the provisions thereof relating to conflicts of law.

14. **Amendment.** No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, waiver, modification or discharge is agreed to in a writing signed by Williamson and PURC.

15. **Attorneys' Fees.** In the event of Williamson's breach of Section 6 of this Agreement, PURC shall be entitled to recover from Williamson any expenses incurred in enforcing Section 6 of this Agreement, including, but not limited to, reasonable attorneys' fees of PURC.

16. **Notices.** All notices, requests, demands and other communications in connection with this Agreement shall be made in writing and shall be deemed to have been given when personally delivered, delivered by telecopy or deposited in the United States mail by certified or registered mail, postage prepaid, addressed as follows, or to such other address as a party shall designate by notice to the other party:

(a) If to PURC:
PurchaseSoft Inc.
Attn: James G. Doyle, General Counsel
175 Church Street
Saratoga Springs, NY 12866

(b) If to Williamson:
Stuart Williamson
271 Hudson Street
Northboro, MA.01532

19. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and terminates and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective on the date first set forth above.

PURCHASESOFT INC.

/s/ Steven A. Flagg

Signature

Name: Steven A. Flagg

Title President

STUART WILLIAMSON

/s/ Stuart Williamson

Signature

Name: Stuart Williamson

End of Filing