

---

# OPERATING AGREEMENT

## DURHAM LLC

---

This Operating Agreement (this “Agreement”) is entered into as of April 15, 2026 (the “Signature Date”), by and between Sanoj Allen (the “Managing Member”) and William Groves (the “Non-Managing Member,” and together with the Managing Member, the “Parties”). This Agreement becomes effective upon the Company’s formation under the laws of the State of New York (the “Effective Date”). The Non-Managing Member will be admitted as a Member, and the Percentage Interests set forth in Section 4.1 will become effective, only upon completion and crediting to the Company of the Non-Managing Member’s \$3,500 Initial Contribution (as defined below).

---

### 0. DEFINITIONS

---

For purposes of this Agreement, the following terms have the meanings set forth below:

“**Company**” means Durham LLC, a New York limited liability company.

“**Managing Member**” means Sanoj Allen.

“**Non-Managing Member**” means William Groves.

“**Members**” means the Managing Member and, from and after satisfaction of Section 4.1, the Non-Managing Member.

“**Manager**” means the Managing Member in such person’s capacity as sole manager of the Company.

“**Percentage Interest**” means a Member’s percentage interest in the Company set forth in Section 4.1.

“**Initial Contribution**” means has the meaning set forth in Section 4.1.

“**Founder IP**” means the SHEP-related intellectual property and technology developed by the Managing Member prior to the Effective Date.

“**SHEP Business**” means the Company’s business of developing, owning, licensing, marketing, and operating SHEP, including bar examination preparation and AI-enabled legal writing education products for law students or bar applicants.

“**New Venture**” means any material business line, product, service, or venture, other than the SHEP Business, that the Company proposes to launch, acquire, or fund.

“**Fair Market Value**” means the value agreed by the Parties in writing or, failing agreement within fifteen (15) days, the value determined by one independent appraiser jointly selected by the Parties, or if the Parties do not agree on one appraiser within ten (10) days, by three appraisers, one selected by each Party and the third selected by the first two, with Fair Market Value equal to the average of the two closest determinations.

**“Disengagement Event”** means a material cessation by a Member of participation in the business consistent with such Member’s role for sixty (60) days after written notice and a fifteen (15) day cure period.

**“Specified Transfer Event”** means a Member’s death, permanent incapacity, bankruptcy or insolvency proceeding, assignment for the benefit of creditors, or attempted transfer in violation of this Agreement.

## **1. FORMATION; PURPOSE; TERM**

---

The Members have formed a limited liability company under the laws of the State of New York by filing the Company’s formation document with the applicable state authority. The purpose of the Company is to engage in any lawful business, including without limitation the SHEP Business and any New Venture approved in accordance with this Agreement. The Company will continue until dissolved in accordance with this Agreement.

## **2. MANAGER-MANAGED; MANAGER AUTHORITY**

---

The Company is manager-managed. The Managing Member is the Company’s sole manager (the “Manager”).

Except for the actions requiring Member consent under Section 3, the Manager has exclusive authority to manage and control the business and affairs of the Company and to bind the Company.

The Non-Managing Member has no authority to act for or bind the Company solely by virtue of being a Member.

## **3. MEMBER APPROVAL (RESERVED MATTERS)**

---

The Company will not take any of the following actions without the written consent of Members holding more than fifty percent (50%) of the Percentage Interests; provided that any amendment that disproportionately and adversely changes a Member’s economic rights requires the affected Member’s written consent:

- (a) amend this Agreement in a manner that changes the Members’ economic deal,
- (b) sell all or substantially all of the Company’s assets outside the ordinary course,
- (c) dissolve the Company, or
- (d) launch, acquire, or fund any New Venture unless the Members first approve in writing the economic terms applicable to that New Venture, including the allocation of profits, losses, and distributions attributable to it.

---

## 4. CAPITAL CONTRIBUTIONS; INITIAL OWNERSHIP

---

### 4.1 Initial Contribution; Ownership at Formation

The Non-Managing Member will contribute or fund Company expenses in an aggregate amount of \$3,500 (the "Initial Contribution"), consisting of (as agreed between the Parties) certain formation and early operating costs including the NCBE licensing expense and formation-related costs, whether paid into the Company's account or paid directly by the Non-Managing Member on the Company's behalf with reasonable documentation.

Upon completion and crediting of the Initial Contribution, the Non-Managing Member will be admitted as a Member and the Members' ownership will be as follows (the "Percentage Interests"): the Managing Member will hold seventy-five percent (75%), and the Non-Managing Member will hold twenty-five percent (25%).

No additional capital contributions are required from either Member unless the Members agree in a written amendment signed by both Members.

---

## 5. ALLOCATIONS AND DISTRIBUTIONS

---

Profits, losses, and cash distributions attributable to the SHEP Business will be allocated and distributed to the Members in proportion to their respective Percentage Interests, except as otherwise required by applicable law. No profits, losses, or distributions attributable to any New Venture will be allocated or distributed unless and until the Members approve in a written agreement the economic terms applicable to that New Venture.

---

## 6. BOOKS, RECORDS, AND COMPANY ACCOUNT

---

The Company will maintain reasonable books and records. The Manager will open and maintain a Company bank account and will use commercially reasonable efforts to keep Company and personal funds separate.

---

## 7. IP; CONFIDENTIALITY; WORK PRODUCT

---

### 7.1 Assignment of Founder IP to Company

The Managing Member hereby assigns to the Company all right, title, and interest in and to the Founder IP pursuant to the IP Assignment Agreement. The Members acknowledge that, as a matter of copyright law, a transfer of copyright ownership (other than by operation of law) is not valid unless in a writing signed by the owner (or authorized agent). 17 U.S.C. § 204(a).

### 7.2 Assignment of Non-Managing Member Work Product; No Employer Materials

The Non-Managing Member hereby assigns, and agrees to assign, to the Company all right, title, and interest in and to any and all inventions, works of authorship, code, documentation, analyses, designs, and other work product that the Non-Managing Member creates for the Company relating to SHEP during the term of the Non-Managing Member's involvement with the Company, to the extent permitted by law and the Non-Managing Member's obligations to third parties.

The Non-Managing Member represents that the Non-Managing Member will not use any third-party or employer confidential information or resources in performing services or providing input to the Company, and that such contributions will be made on the Non-Managing Member's own time and equipment, unless otherwise agreed in writing by the Manager.

### **7.3 Confidentiality**

Each Member agrees to keep confidential and not disclose to any third party any non-public information relating to the Company, including product plans, technical details, customer and partner discussions, pricing, and financial information, except as authorized by the Manager or required by law.

## **8. TRANSFER RESTRICTIONS; RIGHT OF FIRST REFUSAL**

---

No Member may sell, assign, pledge, encumber, or otherwise transfer any Percentage Interest except as expressly permitted by this Agreement, and any purported transfer in violation of this Agreement will be null and void.

If a Member desires to transfer any Percentage Interest to a third party, or receives a bona fide written offer from a third party to acquire any Percentage Interest, that Member must first deliver written notice of the proposed transfer and all material terms. The Company will have a right of first refusal for twenty (20) days to purchase all, but not less than all, of the offered Percentage Interest on those terms. If the Company does not timely elect to purchase, the non-transferring Member will have an additional twenty (20) days to purchase all, but not less than all, of the offered Percentage Interest on those terms. No transferee will be admitted as a substitute Member without the written consent of the Managing Member.

## **9. DRAG-ALONG AND TAG-ALONG**

---

If Members holding more than fifty percent (50%) of the Percentage Interests approve a merger, sale of substantially all of the Company's assets, or sale of all of the outstanding Percentage Interests of the Company (a "Sale Transaction"), each Member will consent to, raise no objection against, and sell or exchange such Member's Percentage Interest on the same terms and conditions approved for the Sale Transaction; provided that each Member receives the same form and amount of consideration per percentage point and gives only customary representations regarding such Member's authority, ownership, and title.

If the Managing Member proposes to transfer more than fifty percent (50%) of the Managing Member's Percentage Interest to a third party in a transaction that is not a Sale Transaction, the Non-Managing Member will have the right to participate in that transfer on the same terms and conditions with respect to a proportional amount of the Non-Managing Member's Percentage Interest.

---

## 10. VOLUNTARY EXIT; BUY-SELL

---

Any Member may deliver written notice electing either to sell all of such Member's Percentage Interest or to purchase all of the other Member's Percentage Interest (a "Buyout Notice"). The Parties will attempt in good faith for fifteen (15) days after a Buyout Notice to agree on the purchase price. If the Parties do not agree, the purchase price will be the Fair Market Value.

Following determination of Fair Market Value, the Company will have the first option, exercisable for twenty (20) days, to purchase all, but not less than all, of the applicable Percentage Interest. If the Company does not timely elect to purchase, the non-initiating Member will have an additional twenty (20) days to elect to purchase such Percentage Interest at Fair Market Value. If neither the Company nor the non-initiating Member elects to purchase, the initiating Member may proceed to purchase or sell, as applicable, at Fair Market Value within thirty (30) days thereafter. Unless otherwise agreed in writing, the purchase price will be paid twenty percent (20%) in cash at closing and the balance in twelve (12) equal monthly installments evidenced by an unsecured promissory note bearing interest at the prime rate announced in The Wall Street Journal on the closing date.

---

## 11. DISENGAGEMENT AND SPECIFIED TRANSFER EVENTS

---

Each Member will act in good faith to support the business consistent with such Member's role. A Disengagement Event or a Specified Transfer Event with respect to a Member will give the Company, and if the Company does not elect the non-affected Member, the option to purchase all, but not less than all, of the affected Member's Percentage Interest at Fair Market Value on the payment terms set forth in Section 10.

Pending completion of any such purchase, any estate, guardian, trustee, receiver, creditor, or other successor to the affected Member will hold only the affected Member's economic rights and will have no right to participate in management or to become a substitute Member except with the written consent of the Managing Member.

---

## 12. RESTRICTIVE COVENANTS

---

While holding any Percentage Interest in the Company, no Member may, directly or indirectly, own, operate, manage, advise, control, or participate in any business that competes with the Company's business of bar examination preparation or AI-enabled legal writing education products for law students or bar applicants in the United States, other than passive ownership of less than two percent (2%) of a publicly traded company.

For twelve (12) months after a Member ceases to hold any Percentage Interest in the Company, such former Member will not solicit for employment or engagement any employee, contractor, or material business partner of the Company, and will remain bound by the confidentiality obligations in this Agreement.

---

**13. MANAGER COMPENSATION**

---

The Company may pay reasonable compensation, including guaranteed payments within the meaning of Section 707(c) of the Internal Revenue Code, to the Managing Member or any other Member for services rendered to the Company, as determined by the Manager in good faith, and any such amounts will be treated as Company expenses before distributions.

---

**14. DISSOLUTION; FOUNDER IP REVERSION**

---

The Company may be dissolved upon approval as described in Section 3, or as otherwise required by applicable law. Upon dissolution, the Company will wind up its affairs under the Manager's direction, pay or provide for Company liabilities, and distribute remaining assets as provided in this Agreement.

If the Company is dissolved other than in connection with a Sale Transaction, merger, or sale of substantially all of the Company's assets to a third party, then, after payment or provision for the Company's liabilities, the Founder IP will be automatically re-assigned to the Managing Member without additional consideration, and any remaining assets will thereafter be distributed to the Members in accordance with their Percentage Interests.

---

**15. MISCELLANEOUS**

---

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes prior discussions. This Agreement may be amended only by a written instrument signed by the Managing Member and the Non-Managing Member. This Agreement will be governed by the laws of the State of New York, without regard to conflict-of-law rules. Each Party agrees to execute further documents reasonably necessary to carry out the intent of this Agreement, including confirmatory assignments and updates to Company records. This Agreement may be executed in counterparts (including electronically), each of which will be deemed an original.

---

**SIGNATURES**

---

**MANAGING MEMBER:**

Name: Sanoj Allen

Date: 4/15/2026

**NON-MANAGING MEMBER:**

---

Name: William Groves

Date: \_\_\_\_\_