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BLOW & DRIVE INTERLOCK CORP

FORM 10-Q
(Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number: 000-55053

BLOW & DRIVE INTERLOCK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**46-3590850** (I.R.S. Employer Identification No.)
1080 La Cienega Boulevard **Suite 304** **Los Angeles, California** (Address of principal executive offices)	**90035** (Zip Code)

(818) 299-0653
Registrant's telephone number, including area code

(Former address, if changed since last report)

(Former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [ ] No [X].

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X].

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 18, 2016, there were 18,645,688 shares of common stock, $0.0001 par value, issued and outstanding .

BLOW & DRIVE INTERLOCK CORPORATION

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PART I – FINANCIAL INFORMATION

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider," or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 Financial Statements

The consolidated balance sheets as of September 30, 2016 (unaudited) and December 31, 2015, the consolidated statements of operations for the three and nine months ended September 30, 2016 and 2015, the consolidated statement of stockholders equity (deficit) for the nine months ended September 30, 2016, and the consolidated statements of cash flows for the nine months ending September 30, 2016 and 2015, follow. The unaudited interim condensed financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal and recurring nature.

BLOW & DRIVE INTERLOCK CORPORATION
Notes to Consolidated Financial Statements

	September 30, 2016 (Unaudited)	December 31, 2015
Assets		
Current Assets		
Cash	$ 194,871	$ 9,103
Accounts receivable, net	49,489	1,591
Prepaid expenses	2,900	2,573
Inventories	10,650	10,365
Total Current Assets	257,910	23,632
Other Assets		
Deposits	18,225	6,225
Furniture and equipment, net	188,824	45,647
Total Assets	$ 464,959	$ 75,504
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	$ 21,135	$ 10,367
Accrued expenses	43,884	53,881
Accrued interest	3,452	2,000
Income taxes payable	5,700	4,100
Deferred revenue	63,553	81,674
Derivative liability	54,123	51,325
Notes payable, current portion	22,943	10,200
Notes payable - related party, current portion	46,683	54,341
Convertible note payable	3,065	-
Total Current Liabilities	264,538	267,888
Long term liabilities		
Notes payable, net of current portion and discount	47,943	-
Notes payable - related party, net of current portion and discount	74,384	86,066
Convertible note payable, net of current portion and discount	23,545	12,614
Accrued royalties payable	120,000	-
Total Liabilities	530,410	366,568
Stockholders' Equity (Deficit)		
Preferred stock, $0.001 par value, 20,000,000 shares authorized; none outstanding	-	-
Common stock, $0.001 par value, 100,000,000 shares authorized. 16,477,167 and 15,006,750 shares outstanding at September 30, 2016 and December 31, 2105, respectively. 18,044,588 and 15,006,750 shares issued or issuable at September 30, 2016 and December 31, 2015, respectively	1,803	1,500
Additional paid-in capital	1,179,785	438,547
Accumulated deficit	(1,247,039)	(731,111)
Total Stockholders' Deficit	(65,451)	(291,064)
Total Liabilities and Stockholders' Equity (Deficit)	$ 464,959	$ 75,504

The accompanying notes are an integral part of these consolidated financial statements.

Blow & Drive Interlock Corporation
Consolidated Statement of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Monitoring revenues	$ 65,533	$ 2,134	$ 200,188	$ 2,134
Distributorship revenues	78,225	-	78,225	-
Total revenues	143,758	2,134	278,413	2,134
Monitoring cost of revenue	8,899	801	26,617	801
Total cost of revenues	8,899	801	26,617	801
Gross Profit	134,859	1,333	251,796	1,333
Operating expenses:				
Payroll	30,739	40,658	95,986	133,152
Professional fees	4,266	12,554	65,887	59,554
General and administrative expenses (including $166,883 of stock based payments)	115,868	55,193	341,827	105,172
Research and development	-	2,155	-	59,785
Depreciation	16,041	972	32,971	1,655
Total operating expenses	166,914	111,532	536,671	359,318
Loss from operations	(32,055)	(110,199)	(284,875)	(357,985)
Other income (expense):				
Interest expense	(41,789)	(6,575)	(111,714)	(12,619)
Change in fair value of derivative liability	16,814	6,985	(2,798)	(6,985)
Gain (loss) on extinguishment of debt	(116,541)	-	(116,541)	-
Total other income (expense)	(141,516)	410	(231,053)	(19,604)
Net income (loss)	$ (173,571)	$ (109,789)	$ (515,928)	$ (377,589)
Basic and dilutive loss per common share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	16,333,870	15,004,000	15,646,423	14,956,476

The accompanying notes are an integral part of these consolidated financial statements.

Blow & Drive Interlock Corporation
Consolidated Statement of Shareholders' Deficit

	Common Stock		Additional	Accumulated	Total
	Shares	Amount	Paid-In Capital	Deficit	Equity (Deficit)
Balance December 31, 2015	15,006,750	$ 1,500	$ 438,547	$ (731,111)	$ (291,064)
Shares issued for services	326,417	33	166,850	-	166,883
Shares issued for cash	1,142,667	114	172,386	-	172,500
Shares issued related to debt	1,568,754	156	402,002	-	402,158
Net loss	-	-	-	(515,928)	(515,928)
Balance September 30, 2016 (Unaudited)	18,044,588	$ 1,803	$ 1,179,785	$ (1,247,039)	$ (65,451)

The accompanying notes are an integral part of these consolidated financial statements.

Blow & Drive Interlock Corporation
Consolidated Statement of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2016	**2015**
Cash flows from operating activities:		
Net loss	$ (515,928)	$ (377,589)
Adjustments to reconcile from net loss to net cash used in operating activities:		
Depreciation	32,971	1,655
Shares issues for services	166,883	-
Loss on extinguishments of debt	116,541	-
Amortization of debt discount	89,109	530
Change in fair value of derivative liability	2,798	6,985
Changes in operating assets and liabilities		
Accounts receivable	(47,898)	(32,500)
Prepaid expenses	(327)	(2,828)
Deposits	(12,000)	(6,225)
Accounts payable	10,767	-
Accrued expenses	(8,397)	23,656
Accrued interest	1,452	(9,412)
Deferred revenue	(18,121)	92,885
Net cash used in operating activities	(182,150)	(302,843)
Cash flows from investing activities:		
Purchases of furniture and equipment	(176,433)	(63,649)
Net cash used in investing activities	(176,433)	(63,649)
Cash flows from financing activities:		
Proceeds from notes payable	471,199	15,000
Repayments of notes payable	(99,348)	(10,738)
Proceeds from issuance of common stock	172,500	101,235
Net cash provided by financing activities	544,351	105,497
Net increase (decrease) in cash	185,768	(260,995)
Cash, beginning of period	9,103	272,692
Cash, end of period	$ 194,871	$ 11,697
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 21,288	$ 18,286
Income taxes	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued for services	$ 166,883	$ -
Establishment of debt discount for accrued royalties payable	$ 120,000	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 - Organization and Nature of Business

Blow & Drive Interlock ("the Company") was incorporated on July 2, 2013 under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. The Company markets and rents alcohol ignition interlock devices to DUI/DWI offenders as part of their mandatory court or motor vehicle department programs. The Company has approval for its device in the following states: California, Colorado, Kansas, New York, Tennessee, Arizona, Oregon, Kentucky, Pennsylvania, and Texas.

In 2015, The Company formed BDI Manufacturing, Inc., an Arizona corporation, which is a 100% wholly owned subsidiary of Blow & Drive Interlock Corporation.

The Company markets, installs and monitors a breath alcohol ignition interlock device (BAIID) called the BDI-747/1, which is a mechanism that is installed on the steering column of an automobile and into which a driver exhales. The device in turn provides a blood-alcohol concentration analysis. If the driver's blood-alcohol content is higher than a certain pre-programmed limit, the device prevents the ignition from engaging and the automobile from starting. These devices are often required for use by DUI or DWI ("driving under the influence" or "driving while intoxicated") offenders as part of a mandatory court or motor vehicle department program.

During the year ended December 31, 2015, the Company began to license others to distribute the BDI-747/1 and provide services related to the device. The distributorships are for specific geographical areas (either entire states or certain counties within states). The Company currently has entered into four distributorship agreements. Under the distribution agreements the Company typically receives a onetime fee, and then is entitled to receive a per unit registration fee and a per unit monthly fee for each BDI-747/1 unit the distributor has in inventory or on the road beginning thirty (30) days after the distributor receives the unit.

Since December 31, 2015, the Company has received the monthly fees related to one distributor. In addition, the company has begun recognizing monthly fee income from units the Company has installed into customer's vehicles

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles in the United States of America, and pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments, consisting of normal recurring adjustments, which management believes are necessary to fairly present the financial position, results of operations and cash flows of the Company.

Going Concern

The Company's unaudited condensed consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenue sufficient to cover its operating costs and allow it to continue as a going concern. As of September 30, 2016, the Company had an accumulated deficit of $1,247,039. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease or reduce its operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company will continue to raise funds through the sale of its equity securities or issuance of notes payable to obtain additional operating capital. The Company is dependent upon its ability, and will continue to attempt to secure additional equity and/or debt financing until the Company can earn revenue and realize positive cash flow from its operations. There are no assurances that the Company will be successful in earning revenue and realizing positive cash flow from its operations. Without sufficient financing it would be unlikely that the Company will continue as a going concern.

Based on the Company's current rate of cash outflows, cash on hand and proceeds from the prior sale of equity securities and issuance of convertible notes, management believes that its current cash will not be sufficient to meet the anticipated cash needs for working capital for the next 12 months. The Company's plans with respect to its liquidity issues include, but are not limited to, the following:

1) Continue to issue restricted stock for compensation due to consultants and for its legacy accounts payable in lieu of cash payments; and

2) Seek additional capital to continue its operations as it rolls out its current products. The Company is currently evaluating additional debt or equity financing opportunities and may execute them when appropriate. However, there can be no assurances that the Company can consummate such a transaction, or consummate a transaction at favorable pricing.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and achieve profitable operations. These condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Reclassifications

Certain reclassifications have been made to amounts in prior periods to conform to the current period presentation. All reclassifications have been applied consistently to the periods presented.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue when earned and related costs of sales and expenses when incurred. The Company recognizes revenue in accordance with FASB ASC Topic 605-10-S99, *Revenue Recognition, Overall, SEC Materials* ("Section 605-10-S74"). Section 605-10-S99 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectability is reasonably assured. Cost of revenue consists of the cost of the purchased goods and labor related to the corresponding sales transaction. When a right of return exists, the Company defers revenues until the right of return expires. The Company recognizes revenue from services at the time the services are completed.

Distributorships

Revenue is recognized pursuant to ASC Topic 605, "Revenue Recognition" (ASC 605). Monthly per unit fee revenue is earned and recognized over the term of the contract as support services are provided. Revenues from territory exclusivity are earned when there is persuasive evidence of an arrangement, delivery has occurred, the sales price has been determined and collectability has been reasonably assured.

The Company enters into arrangements that include multiple deliverables, which typically consist of the sale of exclusive distributorship territory rights, startup supplies package, promotional material, three weeks of onsite training and ongoing monthly support services. The Company accounts for each material element within an arrangement with multiple deliverables as separate units of accounting. Revenue is allocated to each unit of accounting under the guidance of ASC Topic 605-25, Multiple-Element Revenue Arrangements, which provides criteria for separating consideration in multiple-deliverable arrangements by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable is based on vendor-specific objective evidence ("VSOE") if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE nor third-party evidence is available. The Company is required to determine the best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. The Company generally does not separately sell distributorships or training on a standalone basis. Therefore, the Company does not have VSOE for the selling price of these units nor is third party evidence available and thus management uses its best estimate of selling prices in their allocation of revenue to each deliverable in the multiple element arrangement.

Monitoring fees on Company installed units

The Company rents units directly to customers and installs the units in the customer's vehicles. The rental periods range from a few months to 2 years and include a combination of down payments made by the customer and monthly payments paid under the agreements with the Company. Revenue is recognized from these companies on the straight line basis over the term of the agreement. Amounts collected in excess of those earned are classified as deferred revenue in the balance sheet, and amounts earned in excess of amounts collected are reflected in accounts receivable in the balance sheet at September 30, 2016 and December 31, 2015.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's accounts receivable primarily consist of trade receivables. The Company records an allowance for doubtful accounts that is based on historical trends, customer knowledge, any known disputes, and the aging of the accounts receivable balances combined with management's estimate of future potential recoverability. Receivables are written off against the allowance after all attempts to collect a receivable have failed. The Company believes its allowance for doubtful accounts as of September 30, 2016 and December 31, 2015 is adequate, but actual write-offs could exceed the recorded allowance.

Convertible Debt and Warrants Issued with Convertible Debt

Convertible debt is accounted for under the guidelines established by ASC 470, *Debt with Conversion and Other Options* and ASC 740, *Beneficial Conversion Features* . The Company recorded a beneficial conversion feature ("BCF") when convertible debt is issued with conversion features at fixed or adjustable rates that are below market value when issued. If, however, the conversion feature is dependent upon a condition being met or the occurrence of a specific event, the BCF will be recorded when the related contingency is met or occurs. The BCF for the convertible instrument is recorded as a reduction, or discount, to the carrying amount of the convertible instrument equal to the fair value of the conversion feature. The discount is then amortized to interest over the life of the underlying debt using the effective interest method.

The Company calculates the fair value of warrants issued with the convertible instruments using the Black-Scholes valuation method, using the same assumptions used for valuing employee options for purposes of ASC 718, *Compensation – Stock Compensation* , except that the contractual life of the warrant is used. Under these guidelines, the Company allocates the value of the proceeds received from a convertible debt transaction between the conversion feature and any other detachable instruments (such as warrants) on a relative fair value basis. The allocated fair value is recorded as a debt discount or premium and is amortized over the expected term of the convertible debt to interest expense.

For modifications of convertible debt, the Company recorded a modification that changes the fair value of an embedded conversion feature, including a BCF, as a debt discount which is then amortized to interest expense over the remaining life of the debt. If modification is considered substantial (i.e. greater than 10% of the carrying value of the debt), an extinguishment of debt is deemed to have occurred, resulting in the recognition of an extinguishment gain or loss.

Fair Value of Financial Instruments

The Company utilizes ASC 820-10, Fair Value Measurement and Disclosure, for valuing financial assets and liabilities measured on a recurring basis. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of September 30, 2016 and December 31, 2015, the Company did not have any level 3 assets or liabilities. As of September 30, 2016 and December 31, 2015, the derivative liabilities are considered level 2 items.

Net Income (Loss) Per Share

Basic earnings per share is calculated by dividing income available to common stockholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share is computed using the weighted average number of common and dilutive common share equivalents outstanding during the period.

Stock Based Compensation

The Company recognizes stock-based compensation in accordance with FASB ASC Topic 718 *Stock Compensation* , which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to an employee stock purchase plan based on the estimated fair values.

For non-employee stock-based compensation, the Company applies FASB ASC Topic 505 *Equity-Based Payments to Non-Employees* , which requires stock-based compensation related to non-employees to be accounted for based on the fair value of the related stock or options or the fair value of the services on the grant date, whichever is more readily determinable in accordance with FASB ASC Topic 718.

Concentrations

All of the Company's ignition interlock devices are purchased from one supplier in China. The loss of this supplier could have a material impact on the Company's ability to timely obtain additional units.

Income Taxes

The Company accounts for its income taxes in accordance with Income Taxes Topic of the FASB ASC 740, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

The Company also follows ASC 740-10-25, which provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with ASC Topic 740, " *Accounting for Income Taxes"* . ASC 740-10-25 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Recently Issued Accounting Pronouncements

In May 2014, the FASB and the International Accounting Standards Board jointly issued ASU No. 2014-9, *Revenue from Contracts with Customers* , which clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and International Financial Reporting Standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU, as amended, is effective for public entities for annual and interim periods beginning after December 15, 2017. Early adoption is not permitted under U.S. GAAP and retrospective application is permitted, but not required. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial position and results of operations.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statement-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* , which provides guidance under U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The ASU is effective for all entities and for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted. The adoption of ASU No. 2014-15 is not expected to have a significant impact on the Company's consolidated financial statements and related disclosures.

In November 2015, the FASB issued guidance related to the presentation of deferred income taxes. The guidance requires that deferred tax assets and liabilities are classified as non-current in a consolidated balance sheet. This guidance is effective in the first quarter of 2017 and is not expected to materially impact financial position or net earnings.

In February 2016, the FASB issued a new accounting standard on leasing. The new standard will require companies to record most leased assets and liabilities on the balance sheet, and also proposes a dual model for recognizing expense. This guidance will be effective in the first quarter of 2019 with early adoption permitted. The Company is evaluating the impact that adopting this guidance will have on consolidated financial statements.

Note 3 – Furniture and Equipment

Furniture and equipment consist of the following:

	September 30, 2016	December 31, 2015
Monitoring Units	$ 219,898	$ 46,150
Furniture, Fixtures, and Equipment	4,798	2,398
Total Assets	224,696	48,548
Less: accumulated depreciation	(35,872)	(2,901)
Furnitue and Equipment, net	188,824	45,647

Depreciation expense for the three and nine months ended September 30, 2016 and 2015 amounted to $16,041 and $32,971 and $972, and $1,655, respectively.

Note 4 – Accrued Expenses

Accrued Expense consist of the following:

	September 30, 2016	December 31, 2015
Accrued professional fees	$ 750	$ 27,013
Accrued wages	18,700	1,949
Accrued payroll taxes	24,434	7,419
Refundable distributorship deposit	-	17,500
Total	$ 43,884	$ 53,881

Note 5 - Deferred revenue

The Company classifies income as deferred until the terms of the contract or time frame have been met within the Company's revenue recognition policy. As of September 30, 2016 and December 31, 2015 deferred revenue totaled $63,553 and 81,674, with $0, and $50,000, respectively, related to distributorship agreements. The remaining deferred revenue relates to Company serviced ignition interlock monitoring customers.

Note 6 – Notes Payable

Notes payable consist of the following:

	September 30, 2016		December 31, 2015	
	Principal	Accrued Interest	Principal	Accrued Interest
Convertible notes				
Convetible note #1	7,500	86	15,000	-
Debt Discount	(4,435)	-	(8,426)	
Convertible note #2	50,000	1,667	50,000	-
Debt Discount	(26,455)	-	(43,960)	
Subtotal convertible notes net	26,610	1,753	12,614	-
Promissory notes				
Promissory note #1	4,750	368	10,200	333
Promissory note #2	25,740	-	-	-
Debt Discount	(7,547)	-	-	
Promissory note #3	50,000	750	-	-
Debt Discount	(38,542)	-	-	
Promissory note #4	10,000	(200)	-	1,667
Debt Discount	(9,615)	-	-	
Promissory note #5	36,100	-	-	-
Subtotal promissory notes	70,886	918	10,200	2,000
Royalty notes				
Royalty note #1	55,313	-	-	-
Debt Discount	(55,313)	-	-	
Royalty note #2	50,938	-	-	-
Debt Discount	(50,938)	-	-	
Royalty note #3	192,000	-	-	-
Debt Discount	(192,000)	-	-	
Subtotal royalty notes	-	-	-	-
Related party promissory note				
Related party promissory note	121,067	782	140,407	-
Total	218,563	3,453	163,221	2,000
Current portion	72,691	3,453	66,541	2,000
Long-term portion	$ 145,872	$ -	$ 96,680	$ -

Convertible note #1:

On August 7, 2015, the Company entered into an agreement with a third party non-affiliate and issued a 7.5% interest bearing convertible debenture for $15,000 due on August 7, 2017, with conversion features commencing after 180 days following the date of the note. Payments of interest only are due monthly beginning September 2015. The loan is convertible at 70% of the average of the closing prices for the common stock during the five trading days prior to the conversion date. In connection with this Convertible note payable, the Company recorded a $5,770 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. This note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 8). On May 6, 2016 the note holder elected to convert $7,500 in principal into 30,000 shares of common stock.

In connection with the issuance of the August Convertible Note Payable, the Company issued a warrant on August 7, 2015 to purchase 30,000 shares of the Company's common stock at a purchase price of $0.50 per share. The Black Scholes model was used in valuing the warrants in determining the relative fair value of the warrants issued in connection with the convertible note payable using the following inputs: Expected Term – 3 years, Expected Dividend Rate – 0%, Volatility – 100%, Risk Free Interest Rate -1.08%. The Company recorded an additional $4,873 discount on debt, related to the relative fair value of the warrants issued associated with the note to be amortized over the life of the note.

Convertible note #2

On November 24, 2015, the Company entered into an agreement with an existing non-affiliated shareholder, and issued a 10% interest bearing convertible debenture for $50,000 due on November 19, 2017. Payments of interest only are due monthly beginning December 2015. The loan is convertible at 70% of the average of the closing prices for the common stock during the five trading days prior to the conversion date, but may not be converted if such conversion would cause the holder to own more than 9.9% of outstanding common stock after giving effect to the conversion (which limitation may be removed by the holder upon 61 days advanced notice to the company). In connection with this Convertible Note Payable, the Company recorded a $32,897 discount on debt, related to the beneficial conversion feature of the note to be amortized over the life of the note or until the note is converted or repaid. This note was bifurcated with the embedded conversion option recorded as a derivative liability at fair value (See Note 7). As of September 30, 2016 this note has not been converted.

In connection with the issuance of the November convertible note payable, the Company issued a warrant to purchase 80,000 shares of common stock at an exercise price of $0.80 per share. The warrant has an exercise period of two years from the date of issuance. The Black Scholes model was used in valuing the warrants in determining the relative fair value of the warrants issued in connection with the convertible note payable using the following inputs: Expected Term – 2 years, Expected Dividend Rate – 0%, Volatility – 100%, Risk Free Interest Rate -.61%. The Company recorded an additional $13,783 discount on debt, related to the relative fair value of the warrants issued associated with the note to be amortized over the life of the note.

Promissory note #1:

On December 18, 2015, the Company entered into a borrowing facility with a third party. The initial note value was for a principal balance of $10,200. The Company is allowed to draw limited additional funds at any time. The interest due is dependent on a cost schedule that is tied to the date of repayment of the principle. Due dates for each draw are 6 months from the draw date and range from December 1, 2016 through February 16, 2017.

Promissory note #2:

On January 29, 2016, the Company entered into a note payable agreement with a third party. The note was for a principal balance of $44,850 in exchange for $29,505 in cash. The initial borrowing was paid back in August 2016. Subsequent to this initial repayment, the Company borrow an additional $28,600 in September of 2016. The current borrowing is paid back via daily ACH debits for $204 per business day with a target extinguishment in March 2017.

Promissory note #3:

On March 30, 2016, the Company provided an agreement to a third party to obtain a $50,000 promissory note in exchange for 50,000 restricted common shares and $50,000 in cash. The promissory note has a maturity date of June 30, 2018, and bears interest at 18% per annum. The purchaser did not sign the agreement nor deliver the proper consideration prior to March 31, 2016. The exchange of the $50,000 in cash consideration by the purchaser and the issuance of the 50,000 restricted common shares by the Company was made in conjunction with delivery of the signed purchase agreement and promissory note on April 5, 2016. The Company recorded a debt discount of $50,000 related to the relative fair value of the issued shares associated with the note to be amortized over the life of the note.

Promissory note #4:

On September 23, 2016, the Company provided an agreement to a third party to obtain a $10,000 promissory note in exchange for 100,000 restricted common shares and $10,000 in cash. The promissory note has a maturity date of October 31, 2017 and bears interest at 24% per annum. The Company recorded a debt discount of $10,000 related to the relative fair value of the issued shares associated with the note to be amortized over the life of the note.

Promissory note #5:

On September 30, 2016, the Company provided an agreement to a third party to obtain a $36,100 promissory note in exchange for $36,100 in cash. The promissory note has a maturity date of October 1, 2017 and bears interest payments of $376 per month and a balloon payment for principle upon maturity.

Royalty note #1:

On January 20, 2016, the company entered into a non-interest bearing note payable and royalty agreement with a third party. Under the note, the Company borrowed $65,000 and begin to repay the principal amount at a rate of approximately $937 per month with escalations to approximately $3,531 per month as of February 2017 until the note is paid in full. In addition, starting in February 2018, the Company will pay the lender a royalty fee of five ($5) dollars per month for every ignition interlock devise that the Company has on the road in customers' vehicles up to eight hundred (800) in perpetuity, and for every unit over 800, the Company will owe the lender $1 per month per device in perpetuity. In connection with this note, the Company recorded a debt discount of $65,000 relating to the future royalty payments

On September 30, 2016, the Company entered into Amendment No. 1 to Royalty note #1 in order to remove a security interest in the Company's assets to secure repayment of the original note and amend the royalty provisions of the original note to be $1 for each Device on the road beginning in the 25 th month after the date of the original note. In connection with this amendment, the Company issued 425,000 shares of restricted common stock. Pursuant to ASC 470 this amendment is a deemed extinguishment of the debt and the resulting revised debt is set up as a new note. In connection therewith, the Company recorded a loss on extinguishment of $116,541.

Royalty note #2:

On March 29, 2016, the company consummated a non-interest bearing note payable and royalty agreement with a relative of the CEO with terms almost identical to the note referenced above. Under the note, the Company borrowed $55,000 and begin to repay the principal amount at a rate of approximately $937 per month with escalations to approximately $3,531 per month as of April 2017 until the note is paid in full. In addition, starting in February 2018, the Company will pay the lender a royalty fee of five ($5) dollars per month for every ignition interlock devise that the Company has on the road in customers' vehicles up to eight hundred (800) in perpetuity, and for every unit over 800, the Company will owe the lender $1 per month per device in perpetuity. In connection with this note, the Company recorded a debt discount of $55,000 relating to the future royalty payments

On September 30, 2016, the Company entered into Amendment No. 1 to Royalty note #2 to amend the royalty provisions of the original note to be $1 for each Device on the road beginning in the 25 th month after the date of the Edris Original Note. In connection with this amendment, the Company issued 50,000 shares of restricted common stock and recorded an additional debt discount of $8,959. This amendment was accounted for as a debt modification pursuant to ASC 470.

Royalty note #3:

On September 30, 2016, the Company entered into a Loan and Security Agreement (the "LSA") with Doheny Group, LLC, a Delaware limited liability company ("Doheny"), under which Doheny agreed to loan up to $542,400 in two phases, to be used to acquire additional parts and supplies to manufacture the Company's proprietary breath alcohol ignition interlock devices. Under the terms of the LSA, the first phase will be a loan of up to $192,000 to acquire parts and supplies to manufacture 600 Devices; and the second phase will be a loan of up to $350,400 to acquire parts and supplies to manufacture 1,000 Devices.

The Phase 1 Loan was funded in the amount of $192,000 by Doheny on September 30, 2016, upon which the Company forwarded the funds to its supplier on or about October 5, 2016, in order to acquire parts and supplies to manufacture 600 Devices. Both the Phase 1 Loan and the Phase 2 Loan mature three years from the date of funding, and are at an interest rate of 25% per annum. The Company can prepay the Phase 1 Loan and the Phase 2 Loan (if applicable) at any time without penalty. In exchange for Doheny funding the Phase 1 Loan, the Company issued Doheny a promissory note for $192,000 and also issued Doheny shares of common stock equal to 4.99% of the then-outstanding common stock, pursuant to the terms of a stock purchase agreement. As a result, on or about October 7, 2016, the Company issued Doheny 845,913 shares of common stock. If Doheny funds the Phase 2 Loan then the Company is obligated to issue Doheny that number of additional shares of common stock that equals 5% of the then-outstanding common stock. Until the Company repays the Phase 1 Loan and the Phase 2 Loan, as applicable, Doheny has anti-dilution rights for the percentage of stock Doheny owns in the event the Company issues additional shares of common stock during that period. The Company also entered into a Royalty Agreement with Doheny, under which Doheny was granted perpetual royalty rights on all Devices when the Company has 500 or more Devices in service whether leased to end users or distributors. The royalty amounts vary between $1 and $2 per Device depending on a variety of factors. The Company recorded a debt discount of $192,000 related to the relative fair value of the issued shares associated with the Phase 1 note to be amortized over the life of the note.

Subsequent to September 30, 2016, the Company has issued an additional 54,508 common shares in connection with the anti-dilution provisions of this note.

Related party promissory note

On February 16, 2014, the Company entered into a note payable agreement with Laurence Wainer, the director, President and sole officer of the Company. The note was for a principal balance of $160,000 and bears interest at 7.75% per annum. Principal and interest payments are due in 60 equal monthly installments beginning in March 2014 of $3,205. The Company and Laurence Wainer entered into an additional agreement effective April 2014 suspending loan repayments until January 2015. As of January 2015, the payments have resumed.

Note 7 – Derivative Financial Instruments

The Company applies the provisions of ASC Topic 815-40, Contracts in Entity's Own Equity ("ASC Topic 815-40"), under which convertible instruments, which contain terms that protect holders from declines in the stock price, may not be exempt from derivative accounting treatment. As a result, embedded conversion options (whose exercise price is not fixed and determinable) in convertible debt (which is not conventionally convertible due to the exercise price not being fixed and determinable) are initially recorded as a liability and are revalued at fair value at each reporting date using the Black Sholes Model.

The Company has a $7,500 and a $50,000 convertible note with variable conversion pricing outstanding at September 30, 2016. The following inputs were used in within the Black Sholes Model to determine the initial relative fair value: Expected Term – .85 and 1.11 years, Expected Dividend Rate – 0%, Volatility – 312%, Risk Free Interest Rate - 0.55%.

The Company revalues these derivatives each quarter using the Black Sholes Model. The change in valuation is accounted for as a gain or loss in derivative liability. The following table describes the Derivative liability as of September 30, 2016 and December 31, 2015.

Balance December 31, 2015	51,325
Change in fair market value of derivative	2,798
Balance September 30, 2016	54,123

Note 8 – Accrued Royalties Payable

In connection with the Royalty Notes number 1 and 2 as discussed in Note 6 above the Company has estimated the royalties to be paid out in perpetuity. No payments are due for royalties until February 2018 unless the Company hits certain sales milestones as set forth in the royalty agreements earlier.

Note 9 – Stockholders' Equity

Preferred Stock

The Company's articles of incorporation authorize the Company to issue up to 50,000,000 preferred shares of $0.001 par value, having preferences to be determined by the Board of Directors for dividends, and liquidation of the Company's assets. As of September 30, 2016 and December 31, 2015, the Company had no preferred shares outstanding.

Common Stock

Holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock, subject to the requirements of the Delaware Revised Statutes. The Company has not declared any dividends since incorporation. During the nine months ended September 30, 2016, the Company issued 326,417 shares of $0.001 par value common stock for services with a value of $166,883. The Company also issued shares in connection with debt of 1,568,754 for an aggregate fair value of $402,158. Additionally, the Company issued and sold 1,142,667 shares of its common stock to several investors for an aggregate purchase price of $172,500. The total number of shares issued or issuable as of September 30, 2016 was 18,044,588.

Note 10 – Warrants

The following table reflects warrant activity as during the nine months ended September 30, 2016:

	Warrants for Common Shares	Weighted Average Exercise Price
Outstanding as of December 31, 2015	110,000	$ 0.72
Granted	-	-
Exercised	-	-
Forfeited, cancelled, expired	-	-
Outstanding as of September 30, 2016	110,000	$ 0.72

Note 11 – Income (Loss) Per Share

Net income (loss) per share is provided in accordance with FASB ASC 260-10, *"Earnings per Share"*. Basic net income (loss) per common share ("EPS") is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average shares outstanding, assuming all dilutive potential common shares were issued, unless doing so is anti-dilutive.

The following shares are not included in the computation of diluted income (loss) per share, because their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Preferred shares	-	-	-	-
Convertible notes	194,008	3,594	205,737	1,211
Warrants	110,000	-	110,000	-
Options	-	-	-	-
Total anti-dilutive weighted average shares	304,008	3,594	315,737	1,211

If all dilutive securities had been exercised at September 30, 2016 the total number of common shares outstanding would be as follows:

	September 30, 2016
Common Shares	15,040,750
Preferred Shares	-
Convertible notes	194,008
Warrants	110,000
Options	-
Total potential shares	15,344,758

Note 12 – Commitments and Contingencies

On January 21, 2015, the Company and Mr. Wainer entered into a two-year lease with Marsel Plaza LLC for a storefront location at 1080 South La Cienega Boulevard, Suite 304, Los Angeles, California 90035. Base rent under the lease is $1,450 per month. The lease began on February 1, 2015.

Legal Proceedings

In the ordinary course of business, the Company from time to time is involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon the Company's financial condition and/or results of operations. However, in the opinion of management, other than as set forth herein, matters currently pending or threatened against the Company are not expected to have a material adverse effect on the Company's financial position or results of operations.

Note 16 – Subsequent Events

The Company follows the guidance in FASB ASC Topic 855, *Subsequent Events* ("ASC 855"), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

In October and November 2016, the Company issued 1,320,513 shares of common stock that were issuable at September 30, 2016.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Disclaimer Regarding Forward Looking Statements

Our Management's Discussion and Analysis or Plan of Operations contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

Overview

We are a previous development stage company that was incorporated in the State of Delaware in July 2013. In the year ending December 31, 2015, we generated our first revenues of $30,569 as well as deferred revenues of $81,674. From July 2, 2013 (inception) to December 31, 2015, we experienced a net loss and accumulated deficit of $731,111 and total liabilities of $366,568 including $140,407 in notes payable to our president, Laurence Wainer. For the three and nine months ended September 30, 2016, we had revenues of $143,758 and $278,413, repespectively, and a net loss of $173,571 and $515,928, respectively.

We are in the business of renting a breath alcohol ignition interlock device called the BDI-747/1, which is a mechanism that is installed on the steering column of an automobile and into which a driver exhales. The device in turn provides a blood-alcohol concentration analysis. If the driver's blood-alcohol content is higher than a certain pre-programmed limit, the device prevents the ignition from engaging and the automobile from starting. We also have the option of in-car camera technology, which some states require for state approval. The in-car camera feature is just one of several anti-circumvention features found on the BDI-747. These devices are often required for use by DUI or DWI ("driving under the influence" or "driving while intoxicated") offenders as part of a mandatory court or motor vehicle department program.

On June 17, 2015, our BDI-747 Breath Alcohol Ignition Interlock Device, together with our patent pending BDI Model #1 power line filter, were certified by the National Highway Traffic Safety Administration (NHTSA) as meeting or exceeding the 2013 NHSTA guidelines. As a result, on July 27, 2015 we began production of our BDI-747 Breath Alcohol Ignition Interlock Device with the attached BDI Model #1 power line filter.

Since receiving our NHSTA Certification and as of August 15, 2016 we have submitted applications to 14 states to be considered as a state-certified breath alcohol ignition interlock manufacturer and provider for all Ignition Interlock Mandated DUI/DWI offenders throughout each state. As of November 15, 2016, 11 of these applications have been approved, specifically California, Colorado, Oregon, Texas, Arizona, Kentucky, Kansas, Pennsylvania, New York, Tennessee, and are functionally operating in California, Oregon, Arizona, Texas, Tennessee and Pennsylvania.

In some states we market, rent, install and support the devices directly and in other states we sell distributorships to authorized distributors allowing them to lease, install, service, remove and support the BDI-747/1 devices. As of November 15, 2016, we lease the devices directly in six states – California, Kentucky, Oregon, Pennsylvania, New York and Tennessee - and license the device to distributors in three different areas – two counties in Texas and in the state of Arizona. In several of the states where we lease directly we may eventually work with distributors in those states as well and lease both directly and through distributors.

In states where we rent the devices directly to consumers, we currently typically charge $198 in upfront fees for the user (which covers two months of the lease payment), and then $99/month for the other ten months of the lease for the typical one year lease. The lease payment covers the installation of the device in the consumer's vehicle, the rental of the device, recalibration of the device as required by each state (typically every 30 to 60 days) and the monitoring services for the device, which are then reported to the state in accordance with each state's requirements. In states and areas where we do not have a direct presence, which we only have in Los Angeles, California, we contract with independent service centers, such as car alarm installation companies or other auto services companies, to perform the installations of our BDI-747/1 device, which centers must be approved by the states in which the perform the installations. Because our devices are installed in consumers' vehicles are part of a judicially-mandated program, and since the use of the device controls the individual's driving privileges, collection rates of the monthly leasing fees is close to 100%. The failure to make the payment could be a violation of the consumer's sentence or probation and could cause them to lose the device and their driving privileges.

In areas where we have a distributor, in our typical distributorship arrangement, we charge the distributor a flat fee distributorship territory fee up front (which fee varies based on the size and location of the distributorship), a $150 per unit registration fee, and then a $35 monthly fee for each device the distributor has in its inventory. These fees may vary on a case-by-case basis. The relationship with our distributors may either be on an exclusive or non-exclusive basis depending upon the location of the distributorship and the fees charged.

As of November 21, 2016, between the devices we rent directly and those devices leased through our distributors, we have approximately 1,100 units on the road. We plan to increase our marketing of the device, and more aggressively pursue sales and distributors once we have funds to manufacture additional units.

Results of Operations for Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015

Summary of Results of Operations

	Three Months Ended September 30,	
	2016	**2015**
Revenue:	$	$ -
Monitoring revenue	65,533	2,134
Distributorship revenue	78,225	-
Total revenues	143,758	2,134
Cost of revenue:		
Monitoring cost of revenue	8,899	801
Distributorship cost of revenue	-	-
Total cost of revenue	8,899	801
Gross profit	134,859	1,333
Operating expenses:		
Payroll	30,739	40,658
Professional fees	4,266	12,554
General and administrative expenses	56,348	55,153
Research and development	-	2,155
Depreciation	16,041	972
Common stock issued for services	59,520	-
Total operating expenses	166,914	111,532
Loss from operations	(32,055)	(110,199)
Other income (expense):		
Interest expense	(41,789)	(6,575)
Change in fair value of derivative liability	16,814	-
Gain (loss) on extinguishment of debt	(116,541)	(6,985)
Total other income (expense)	(141,516)	(13,560)
Net income (loss)	$ (173,571)	$ (123,759)

Operating Loss; Net Income (Loss)

Our net income/(loss) changed by $49,812, from ($123,759) to ($173,571), from the three months ended September 30, 2015 compared to September 30, 2016. Our operating loss decreased by $78,144, from ($110,199) to ($32,055) for the same periods. The change in our net income/(loss) for the three months ended September 30, 2016, compared to the prior year period, is primarily a result of a significant increase loss on extinguishment of debt, an increase in our interest expense, an increase in depreciation expense, and an increase in our common stock issued for services, partially offset by our revenues for the period, as well as decreases in our payroll and research and development expenses. These changes are detailed below.

Revenue

We had our first revenue during the latter part of 2015. During the three months ended September 30, 2016 we had $143,758 in revenues, with $65,533 coming from revenue from the monthly recurring payments we received from our customers that rent our BDI-747/1 breathalyzer device for the ongoing monitoring services related to the devices, and $78,225 coming from revenues paid to us from our distributors, compared to $2,134 and $0 from these revenue sources for the same period one year ago. We expect the revenue we receive from monitoring our devices on the road will continue to increase as we have more units on the road.

Cost of Revenue

Our cost of revenue for the three months ended September 30, 2016 was $8,899, compared to $801 for the three months ended September 30, 2015. Our cost of revenue for the three months ended September 30, 2016 and September 30, 2015, was completely related to our monthly monitoring services we provide to our customers.

Payroll

Our payroll decreased by $9,919, from $40,658 to $30,739, from the three months ended September 30, 2015 compared to September 30, 2016. We expect our payroll in future quarterly periods will be approximately $30,000-$40,000 per quarter until we are able to expand our operations.

Professional Fees

Our professional fees decreased during the three months ended September 30, 2016 compared to the three months ended September 30, 2015. Our professional fees were $4,266 for the three months ended September 30, 2016 and $12,554 for the three months ended September 30, 2015. These fees are largely related to fees paid for legal, accounting and audit services. We expect these fees to continue grow steadily as our business expands. In the event we undertake an unusual transaction, such as an acquisition or file a registration statement, we would expect these fees to substantially increase during that period.

General and Administrative Expenses

General and administrative expenses remained the same for the periods presented, from $55,193 for the three months ended September 30, 2015 to $56,348 for the three months ended September 30, 2016. We expect our general and administrative expenses to be around $50,000 to $75,000 per quarter for the foreseeable future.

Research and Development

We did not incur any research and development expenses in the three months ended September 30, 2016, compared to $2,155 for the three months ended September 30, 2015. Our research and development expenses in 2015 were related to our design and development of the BDI-747/1 device. Since the device is now developed we did not incur any such expenses in the three months ended September 30, 2016.

Depreciation

We had depreciation of $16,041 for the three months ended September 30, 2016, compared to $972 for the same period one year ago. Our depreciation and amortization expenses in 2016 were primarily related to the depreciation of the BDI-747/1 device.

Common Stock Issued for Services

We had common stock issued for services of $59,250 for the three months ended September 30, 2016, compared to $0 for the same period one year ago.

Interest Expense

Interest expense increased by $35,214 from $6,575 for the three months ended September 30, 2015 to $41,789 for the three months ended September 30, 2016. For both periods these amounts are largely due to the interest we owe on outstanding debt including amortization of debt discount costs. The interest expense significantly increased for the period ended September 30, 2016, compared to the same period one year ago, due to our increase in outstanding debt compared to one year ago.

Change in Fair Value of Derivative Liability

During the three months ended September 30, 2016, we had a change in fair value of derivative liability of $16,814 compared to $0 for the same period in 2015. The change in fair value of derivative liability in the three months ended September 30, 2016, relates to the conversion feature of a promissory note we had outstanding during this period. Since the conversion price on the promissory note is calculated based on a discount to the closing price of our common stock, as our closing price fluctuates it changes the fair value of the derivative liability.

Loss on Extinguishment of Debt

During the three months ended September 30, 2016, we had a loss on extinguishment of debt of $116,541 compared to $0 for the same period in 2015. The loss on extinguishment of debt in the three months ended September 30, 2016, relates to the deemed extinguishment of royalty note #1 as discussed in Note 6 to the financial statements.

Results of Operations for Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

Summary of Results of Operations

	Nine Months Ended September 30,	
	2016	**2015**
Revenue:	$	$ -
Monitoring revenue	200,188	2,134
Distributorship revenue	78,225	-
Total revenues	278,413	2,134
Cost of revenue:		
Monitoring cost of revenue	26,617	801
Distributorship cost of revenue	-	-
Total cost of revenue	26,617	801
Gross profit	251,796	1,333
Operating expenses:		
Payroll	95,986	133,152
Professional fees	65,887	59,554
General and administrative expenses	248,307	105,172
Research and development	-	59,554
Depreciation	32,971	1,655
Common stock issued for services	93,520	-
Total operating expenses	536,671	359,318
Loss from operations	(284,875)	(357,985)
Other income (expense):		
Interest expense	(111,714)	(12,619)
Change in fair value of derivative liability	(2,798)	-
Gain (loss) on extinguishment of debt	(116,541)	(6,985)
Total other income (expense)	(231,053)	(19,604)
Net income (loss)	$ (515,928)	$ (377,589)

Operating Loss; Net Income (Loss)

Our net income/(loss) changed by $138,339, from ($377,589) to ($515,928), from the nine months ended September 30, 2015 compared to September 30, 2016. Our operating loss decreased by $73,110, from ($357,985) to ($284,875) for the same periods. The change in our net income/(loss) for the nine months ended September 30, 2016, compared to the prior year period, is primarily a result of a significant increase loss on extinguishment of debt, an increase in our general and administrative expenses, an increase in our interest expense, an increase in depreciation expense, and an increase in our common stock issued for services, partially offset by our increase in revenues for the period, as well as decreases in our payroll and research and development expenses. These changes are detailed below.

Revenue

We had our first revenue during the latter part of 2015. During the nine months ended September 30, 2016 we had $278,413 in revenues, with $200,188 coming from revenue from the monthly recurring payments we received from our customers that rent our BDI-747/1 breathalyzer device for the ongoing monitoring services related to the devices, and $78,225 coming from revenues paid to us from our distributors, compared to $2,134 and $0 from these revenue sources for the same period one year ago. We expect the revenue we receive from monitoring our devices on the road will continue to increase as we have more units on the road.

Cost of Revenue

Our cost of revenue for the nine months ended September 30, 2016 was $26,617, compared to $801 for the nine months ended September 30, 2015. Our cost of revenue for the nine months ended September 30, 2016 and September 30, 2015, was completely related to our monthly monitoring services we provide to our customers.

Payroll

Our payroll decreased by $37,166, from $133,152 to $95,986, from the nine months ended September 30, 2015 compared to September 30, 2016. We expect our payroll in future quarterly periods will be approximately $30,000-$40,000 per quarter until we are able to expand our operations.

Professional Fees

Our professional fees increased slightly during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. Our professional fees were $65,887 for the nine months ended September 30, 2016 and $59,554 for the nine months ended September 30, 2015. These fees are largely related to fees paid for legal, accounting and audit services. We expect these fees to continue grow steadily as our business expands. In the event we undertake an unusual transaction, such as an acquisition or file a registration statement, we would expect these fees to substantially increase during that period.

General and Administrative Expenses

General and administrative expenses increased by $143,135, from $105,172 for the nine months ended September 30, 2015 to $248,307 for the nine months ended September 30, 2016. We expect our general and administrative expenses to be around $50,000 to $75,000 per quarter for the foreseeable future.

Research and Development

We did not incur any research and development expenses in the nine months ended September 30, 2016, compared to $59,785 for the nine months ended September 30, 2015. Our research and development expenses in 2015 were related to our design and development of the BDI-747/1 device. Since the device is now developed we did not incur any such expenses in the nine months ended September 30, 2016.

Depreciation

We had depreciation of $32,971 for the nine months ended September 30, 2016, compared to $1,655 for the same period one year ago. Our depreciation and amortization expenses in 2016 were primarily related to the depreciation of the BDI-747/1 device.

Common Stock Issued for Services

We had common stock issued for services of $166,833 for the nine months ended September 30, 2016, compared to $0 for the same period one year ago.

Interest Expense

Interest expense increased by $99,095 from $12,619 for the nine months ended September 30, 2015 to $111,714 for the nine months ended September 30, 2016. For both periods these amounts are largely due to the interest we owe on outstanding debt including amortization of debt discount costs. The interest expense significantly increased for the period ended September 30, 2016, compared to the same period one year ago, due to our increase in outstanding debt compared to one year ago.

Change in Fair Value of Derivative Liability

During the nine months ended September 30, 2016, we had a change in fair value of derivative liability of $2,798 compared to $0 for the same period in 2015. The change in fair value of derivative liability in the nine months ended September 30, 2016, relates to the conversion feature of a promissory note we had outstanding during this period. Since the conversion price on the promissory note is calculated based on a discount to the closing price of our common stock, as our closing price fluctuates it changes the fair value of the derivative liability.

Loss on Extinguishment of Debt

During the nine months ended September 30, 2016, we had a loss on extinguishment of debt of $116,541 compared to $0 for the same period in 2015. The loss on extinguishment of debt in the nine months ended September 30, 2016, relates to the deemed extinguishment of royalty note #1 as discussed in Note 6 to the financial statements.

Liquidity and Capital Resources for Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015

Introduction

During the nine months ended September 30, 2016 and 2015, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of September 30, 2016 was $194,871 and our cash used in operations is approximately $50,000 per month. As a result, we have short term cash needs. These needs are being satisfied through proceeds from the sales of our securities and loans from both related parties and third parties. We currently do not believe we will be able to satisfy our cash needs from our revenues for some time.

Our cash, current assets, total assets, current liabilities, and total liabilities as of September 30, 2016 and as of December 31, 2015, respectively, are as follows:

	September 30, 2016	December 31, 2015	Change
Cash	$ 194,871	$ 9,103	$ 185,768
Total Current Assets	257,910	23,632	234,278
Total Assets	464,959	75,504	389,465
Total Current Liabilities	264,538	267,888	(3,350)
Total Liabilities	$ 530,410	$ 366,568	$ 163,842

Our current assets increased significantly as of September 30, 2016 as compared to December 31, 2015, due to us having more cash on hand and higher accounts receivable, net as of September 30, 2016. The increase in our total assets between the two periods was also related to the increase in our cash on hand, accounts receivable, net, as well as an increase in furniture and equipment as of September 30, 2016.

Our current liabilities decreased by $3,350, as of September 30, 2016 as compared to December 31, 2015. This decrease was primarily due to decreases in our accrued expenses, deferred revenue, and notes payable – related party, current portion, offset by slight increases in our accounts payable, accrued interest, income taxes payable, derivative liability, and notes payable – current portion.

In order to repay our obligations in full or in part when due, we will be required to raise significant capital from other sources. There is no assurance, however, that we will be successful in these efforts.

Sources and Uses of Cash

Operations

We had net cash used in operating activities of $182,150 for the nine months ended September 30, 2016, as compared to $301,188 for the nine months ended September 30, 2015. For the period in 2016, the net cash used in operating activities consisted primarily of our net income (loss) of ($515,928), adjusted primarily by change in fair value of derivative liability of $2,798, shares issued for services of $166,883, amortization of debt discount of $89,109, depreciation of $32,971, and loss on extinguishment of debt of $116,541 as well as changes in, accrued expenses of ($8,397), deferred revenue of ($18,121), deposits of ($12,000), accounts payable of $10,767, and accounts receivable of ($47,898). For the period in 2015, the net cash used in operating activities consisted primarily of our net income (loss) of ($377,589), adjusted primarily by change in fair value of derivative liability of $6,985, and depreciation of $1,655, as well as changes in, accrued expenses of $23,656, deferred revenue of $92,885, deposits of ($6,225), accrued interest of ($9,412), and accounts receivable of ($32,500).

Investments

We had cash used in investing activities in the nine months ended September 30, 2016 of $176,433, compared to $63,649 for September 30, 2015. For both periods the cash used in investing activities related to purchases of furniture and equipment.

Financing

Our net cash provided by financing activities for the nine months ended September 30, 2016 was $544,351, compared to $105,497 for the nine months ended September 30, 2015. For the nine months ended September 30, 2016, our net cash from financing activities consisted of proceeds from notes payable of $471,199 and proceeds from issuance of common stock of $172,500, partially offset by repayments of notes payable of ($99,348). For the nine months ended September 30, 2015, our net cash from financing activities consisted of proceeds from notes payable of $15,000 and proceeds from issuance of common stock of $101,235, partially offset by repayments of notes payable of ($10,738).

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

Commitments and Contingent Liabilities

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. As of September 30, 2016, we have no contingent liability that is required to be recorded nor disclosed.

On January 21, 2015, we and Mr. Wainer entered into a two-year lease with Marsel Plaza LLC for a storefront location at 1080 South La Cienega Boulevard, Suite 304, Los Angeles, California 90035. Our base rent under the lease is $1,450 per month. The lease began on February 1, 2015.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Pursuant to rules adopted by the Securities and Exchange Commission we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to rules promulgated under the Securities Exchange Act of 1934. This evaluation was done as of the end of September 30, 2016 under the supervision and with the participation of our principal executive officer and our principal financial officer.

Based upon our evaluation, our principal executive and financial officer concluded that, as of September 30, 2016, our existing disclosure controls and procedures were not effective. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including the principal executive and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. With only two officers in charge of such reporting controls, there is no backup to the oversight of such individual and thus such disclosure controls and procedures may not be considered effective.

We have engaged outside accounting and finance advisors to assist us in better implementing effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

On November 15, 2016, we hired Mr. Abraham Summers as our Chief Executive Officer, which will help segregate the duties of our executive offices between two individuals rather than just one, which we believe will improve our internal controls over financial reporting. Except hiring Mr. Summers, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting in accordance with Rule 13a-15 of the Securities Exchange Act of 1934. Our president conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2016, based on the criteria establish in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was ineffective as of September 30, 2016, based on those criteria. A control system can provide only reasonably, not absolute, assurance that the objectives of the control system are met and no evaluation of controls can provide absolute assurance that all control issues have been detected.

Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2016 and identified the following material weaknesses, which are outlined further in our Annual Report on Form 10-K for the year ended December 31, 2015:

Inadequate segregation of duties: We have an inadequate number of personnel to properly implement control procedures.

We have not documented our internal controls: We have limited policies and procedures that cover the recording and reporting of financial transactions and accounting provisions. As a result we may be delayed in our ability to calculate certain accounting provisions.

We do not have effective controls over the control environment. A formally adopted written code of business conduct and ethics that governs our employees, officers, and directors was not in place. Additionally, management has not developed and effectively communicated to our employees its accounting policies and procedures. This has resulted in inconsistent practices. We also do not have independent members on our Board of Directors.

We have not been able to timely and accurately record convertible debt transactions, deferred revenue, and derivative liabilities in the financial statements. As a result, we have needed additional time, beyond the filing deadlines, to file our periodic reports.

PART II – OTHER INFORMATION

ITEM 1 Legal Proceedings

On April 5, 2016, we were sued in the District Court of Sedgwick County, State of Kansas (Case No. 16CV0822) by Theenk, Inc., a company we sold an independent distributorship. According to the Complaint, Theenk, Inc. alleges we failed to perform under the Exclusive Distribution Agreement we entered into with them on September 4, 2015 by failing to obtain approval for our BDI-747 breathalyzer interlock device from the State of Kansas within 60 days from the execution of the Agreement, and further, that we failed to compensate Theenk, Inc. for certain engineering hours and manufacturing and testing costs related to a potential add-on component to the BDI-747 device. The Complaint seeks damages of $64,726.06. We were served with the Complaint on or about April 19, 2016. We originally received an extension of time to file our Answer from Theenk, Inc. On June 2, 2016, prior to the time an Answer was due by us, we entered into a Settlement Agreement with Theenk, Inc., whereby we agreed to pay Theenk, Inc. $17,500 in full settlement of the lawsuit, including a dismissal of the lawsuit. Theenk, Inc. deposited the funds around August 30, 2016. On October 11, 2016, the Court entered a Dismissal With Prejudice dismissing this lawsuit with prejudice. As a result, this lawsuit has been resolved and dismissed.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 1A Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended September 30, 2016, we issued the following unregistered securities:

On September 30, 2016, we entered into an Amendment No. 1 to Secured Promissory Note and Agreement (the "Edris Note Amendment") with Edris Consulting, Inc., a California corporation ("Edris"), under which we agreed to issue Edris 425,000 shares of our common stock. On October 6, 2016, we issued the shares to Edris, with a standard restrictive legend. The issuance of the was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Edris is a sophisticated investor and familiar with our operations having entered into the Edris Original Note in January 2016.

On September 30, 2016, we entered into an Amendment No. 1 to Secured Promissory Note and Agreement (the "Wainer Note Amendment") with Chaim Wainer ("Wainer"), pursuant to which we amended the terms of that certain Secured Promissory Note and Agreement dated March, 2016. Pursuant to the Wainer Note Amendment, we agreed to issue Wainer 50,000 shares of our common stock. On October 6, 2016, we issued the shares to Wainer, with a standard restrictive legend. The issuance of the was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Wainer is a sophisticated investor and familiar with our operations having entered into the Wainer Original Note in March 2016. Wainer is the father of our sole officer and director.

On September 30, 2016, we entered into an Loan and Security Agreement (the "LSA") with Doheny Group, LLC, a Delaware limited liability company ("Doheny"), under which Doheny agreed to loan us up to $542,400 in two phases, to be used by us to acquire additional parts and supplies to allow us to manufacture our proprietary breath alcohol ignition interlock devices. Pursuant to the LSA with Doheny, we agreed to issue Doheny shares of our common stock that equals 4.99% of our then outstanding common stock on the date of issuance after Doheny funded the Phase 1 Loan. The Phase 1 Loan was funded in the amount of $192,000 by Doheny on September 30, 2016. On October 7, 2016, we issued Doheny 845,913 shares of our common stock, with a standard restrictive legend. The issuance of the was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Doheny is an accredited investor and familiar with our operations according the representations and warranties in the LSA and accompanying stock purchase agreement.

No underwriters were involved in any of the issuances provided in this Item 2. The shares were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the "Act") because the individuals either represented that they were "accredited investors" as such term is defined in the rules and regulations promulgated under the Securities Act, were our employees and/or were known to our management and in possession of the information that registration of the securities would provide them. The sale of the securities did not involve any form of general solicitation or general advertising.

ITEM 3 Defaults Upon Senior Securities

There have been no events which are required to be reported under this Item.

ITEM 4 Mine Safety Disclosures

There have been no events which are required to be reported under this Item.

ITEM 5 Other Information

Doheny Group Transaction

On September 30, 2016, we entered into an Loan and Security Agreement (the "LSA") with Doheny Group, LLC, a Delaware limited liability company ("Doheny"), under which Doheny agreed to loan us up to $542,400 in two phases, to be used by us to acquire additional parts and supplies to allow us to manufacture our proprietary breath alcohol ignition interlock devices (the "Devices"). Under the terms of the LSA, the first phase will be a loan of up to $192,000 (the "Phase 1 Loan"), when we request it in accordance with the LSA, in order to for us to acquire parts and supplies to manufacture 600 Devices; and the second phase will be a loan of up to $350,400 (the "Phase 2 Loan"), when we request it in accordance with the LSA and assuming we are in compliance with the other terms of the LSA, in order for us to acquire parts and supplies to manufacture 1000 Devices.

The Phase 1 Loan was funded in the amount of $192,000 by Doheny on September 30, 2016, and we forwarded the funds to our supplier on or about October 5, 2016, in order to acquire parts and supplies to manufacture 600 Devices. Both the Phase 1 Loan and the Phase 2 Loan mature three (3) years from the date of funding, and are at an interest rate of 25% per annum. We can prepay the Phase 1 Loan and the Phase 2 Loan (if applicable) at any time without penalty. In exchange for Doheny funding the Phase 1 Loan, we issued Doheny a promissory note. As additional consideration for Doheny agreeing to enter into the LSA and fund the Phase 1 Loan, we agreed to issue Doheny shares of our common stock equal to 4.99% of our then-outstanding common stock, pursuant to the terms of a stock purchase agreement. As a result, on or about October 7, 2016, we issued Doheny 845,913 shares of our common stock. If Doheny funds the Phase 2 Loan then we are obligated to issue Doheny that number of additional shares of our common stock that equals 5% of our then-outstanding common stock. Until we repay the Phase 1 Loan and the Phase 2 Loan, as applicable, Doheny has anti-dilution rights for the percentage of our stock Doheny owns in the event we issue additional shares of common stock during that period. We also entered into a Royalty Agreement with Doheny, under which we granted Doheny perpetual royalty rights on all Devices that we receive money from customers or distributors after we have 500 Devices leased to end users or distributors. The royalty amounts vary between $1 and $2 per Device depending on a variety of factors.

Amendment to Loan Agreement with Edris Consulting

On September 30, 2016, we entered into an Amendment No. 1 to Secured Promissory Note and Agreement (the "Edris Note Amendment") with Edris Consulting, Inc., a California corporation ("Edris"), pursuant to which we amended the terms of that certain Secured Promissory Note and Agreement dated January 20, 2016 (the "Edris Original Note") in order to remove Edris' security interest in our assets to secure our repayment of the Edris Original Note and amend the royalty provisions of the Edris Original Note to be $1 for each Device we have on the road beginning in the 25 th month after the date of the Edris Original Note. In exchange for Edris agreeing to forfeit its security interest in our assets and modify the royalty payments under the Edris Original Note we agreed to issue Edris 425,000 shares of our common stock, restricted in accordance with Rule 144.

Amendment to Loan Agreement with Chaim Wainer

On September 30, 2016, we entered into an Amendment No. 1 to Secured Promissory Note and Agreement (the "Wainer Note Amendment") with Chaim Wainer ("Wainer"), pursuant to which we amended the terms of that certain Secured Promissory Note and Agreement dated March, 2016 (the "Wainer Original Note") in order to amend the royalty provisions of the Wainer Original Note to be $1 for each Device we have on the road beginning in the 25 th month after the date of the Wainer Original Note. In exchange for Wainer agreeing to modify the royalty payments under the Wainer Original Note we agreed to issue Wainer 50,000 shares of our common stock, restricted in accordance with Rule 144. Wainer is the father of our sole officer and director.

Amendment to Exclusive Distribution Agreement with Jay Lopez

On September 30, 2016, we entered into an Amendment No. 1 to Exclusive Distribution Agreement (the "Lopez Amendment") with Jay Lopez ("Lopez"), pursuant to which we amended the terms of that certain Exclusive Distribution Agreement dated July 24, 2015 in order to amend the territories where Lopez is an exclusive distributor of ours for the BDI-747/1 device, removing the State of Nevada and granting Lopez rights in the State of Pennsylvania. With the execution of the Lopez Amendment, we do not have a distributor in the State of Nevada and Lopez is our exclusive distributor in Pennsylvania.

Hiring of Abraham Summers as our Chief Financial Officer

On November 15, 2016, we hired Mr. Abraham Summers as our Chief Financial Officer. Under our Employment Agreement with Mr. Summers, we agreed to compensate Mr. Summers at a salary equal to 40% of the compensation we are paying Mr. Laurence Wainer, our Chief Executive Officer, at any given time. In addition, we agreed to retain Gnossis International, LLC, an entity controlled by Mr. Summers, to consult with us regarding economics, project management & business development. We agreed to compensate Gnossis International at the same rate of 40% of the compensation we are paying Mr. Wainer. We also have a pre-existing finder's agreement with Gnossis International, under which we agreed to compensate Gnossis International one share of our common stock for every dollar of financing we receive from any individuals or entities introduced to us by Gnossis.

Mr. Abraham Summers was hired as our Chief Financial Officer in November 2016. Since 2011, Mr. Summers has been the managing member of Gnossis International, LLC, an entity he controls. Gnossis International is a consulting firm specializing in the use of micro and macro economic analysis as well as urban planning, economic and financial research and modeling to provide advice and guidance to companies, investors and business partners. Since its inception, Gnossis International has been involved in a number of transactions, providing economic and market analysis and marketing strategies, with Mr. Summers intimately involved in all such transactions. Mr. Summers received his Bachelors of Science in Public Policy, Management, and Urban Planning (PMPL) and a concentration in Real Estate Development. Mr. Summers was the recipient of the Dean's Merit Award upon graduation.

ITEM 6 Exhibits

Item No.	Description
3.1 (1)	Certificate of Incorporation of Jam Run Acquisition Corporation dated June 28, 2013
3.2	Articles of Amendment to Articles of Incorporation to Jam Run Acquisition Corporation dated February 6, 2014 (changing corporate name to Blow & Drive Interlock Corporation)
3.3 (1)	Bylaws of Jam Run Acquisition Corporation (now Blow & Drive Interlock Corporation) dated June 2013
10.1 (2)	Agreement between Tiber Creek Corporation and Laurence Wainer dated January 25, 2014
10.2 (2)	Promissory Note between the Company and Laurence Wainer dated February 16, 2014
10.3 (3)	Lease Agreement by and between Marsel Plaza LLC and Laurence Wainer and Blow and Drive Interlock Corporation dated January 21, 2015
10.4 (4)	Exclusive Distributorship Agreement with Theenk Inc. dated August 21, 2015
10.5 (4)	Exclusive Distributorship Agreement with Jay Lopez dated July 24, 2015
10.6 (4)	Independent Contractor Agreement with Laurence Wainer dated September 11, 2015
10.7 (5)	Exclusive Distributorship Agreement with Stephen Ferraro dated November 9, 2015
10.4 (6)	Supply Agreement by and between BDI Manufacturing, Inc., an Arizona corporation, and C4 Development Ltd. dated June 29, 2015
10.5 (7)	Securities Purchase Agreement with David Stuart Petlak entered into on November 19, 2015
10.6 (7)	Convertible Promissory Note issued to David Stuart Petlak dated November 19, 2015
10.7 (7)	Common Stock Warrant issued to David Stuart Petlak dated November 19, 2015
10.8 (8)	Exclusive Distributorship Agreement with dba Blow & Drive Houston dated January 11, 2016
10.9 (9)	Secured Promissory Note and Agreement with Ira Silver dated January 20, 2016
10.10 (9)	Secured Promissory Note and Agreement with Chaim K. Wainer dated October 29, 2015
10.11 (10)	Securities Purchase Agreement with Dr. Oren Azulay dated March 30, 2016
10.12 (10)	Common Stock Purchase Agreement with Gustavo Arceo dated April 2016
10.13 (10)	Common Stock Purchase Agreement with LGL LLC dated May 6, 2016
10.14*	Loan and Security Agreement with Doheny Group, LLC dated September 30, 2016
10.15*	Phase 1 Loan Agreement with Doheny Group, LLC dated September 30, 2016
10.16*	Royalty Agreement with Doheny Group, LLC dated September 30, 2016
10.17*	Common Stock Purchase Agreement with Doheny Group, LLC dated September 30, 2016

10.18*	Agreement with Abraham Summers and Gnossis International, LLC
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith).
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Accounting Officer (filed herewith).
32.1	Section 1350 Certification of Chief Executive Officer (filed herewith).
32.2	Section 1350 Certification of Chief Accounting Officer (filed herewith).
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference from our Registration Statement on Form 10, filed with the Commission on September 30, 2013.

(2) Incorporated by reference from our Registration Statement on Form S-1, filed with the Commission on July 24, 2014.

(3) Incorporated by reference from our Annual Report on Form 10-K, filed with the Commission on March 30, 2015.

(4) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on September 11, 2015.

(5) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on November 12, 2015.

(6) Incorporated by reference from our Quarterly Report on Form 10-Q, filed with the Commission on August 13, 2015.

(7) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on September 11, 2015.

(8) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on February 22, 2016.

(9) Incorporated by reference from our Current Report on Form 8-K filed with the Commission on March 17, 2016.

(10) Incorporated by reference from our Quarterly Report on Form 10-Q filed with the Commission on August 22, 2016.

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 thereunto duly authorized.

Blow & Drive Interlock Corporation

Dated: November 21, 2016

/s/ Laurence Wainer

By: Laurence Wainer
Chief Executive Officer

LOAN AND SECURITY AGREEMENT

by and between

BLOW & DRIVE INTERLOCK CORPORATION,
as Borrower,

and

THE DOHENY GROUP, LLC
as Lender

Dated as of September 30, 2016

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this " Agreement "), is entered into as of September 30, 2016 (the " Effective Date ") by and among **BLOW & DRIVE INTERLOCK CORPORATION** , a Delaware corporation (" BDIC "), **BDI MANUFACTURING, INC** ., an Arizona corporation (" BDIM ") (BDIC and BDIM are sometimes individually and collectively referred to herein as " Borrower "), and **THE DOHENY GROUP, LLC** , a Nevada limited liability company (" Lender "), in light of the following:

R E C I T A L S

WHEREAS, BDIC is a publicly traded company quoted on the OTCQB-tier of OTC Markets in the business of manufacturing and leasing breath alcohol ignition interlock devices (the " Business "), including, without limitation, the BDI-747/1 breath/alcohol ignition interlock device, along with its patent pending BDI Model #1 power line filter. BDIM is BDIC's wholly-owned subsidiary that manufactures the Devices (as defined below) and provides said Devices to BDIC in connection with the Business. As of December 31, 2015, the BDI-747/1 breath/alcohol ignition interlock device was "approved" by ten states, including, without limitation, California, with applications for additional state approvals pending. In states where the Device is approved as a breath alcohol ignition interlock device (" BAID "), BDIC leases these devices to offenders depending upon the sentence received by such offender. In some states, BDIC leases, installs and supports these devices directly; in other states, BDIC sells distributorships to authorized distributors allowing the distributor to lease, install, service, remove and support said devices;

WHEREAS , BDIC desires to obtain additional financing to permit it to manufacture more Devices and expand the Business, and to this end, contacted Lender about obtaining financing on terms and conditions mutually-acceptable to Lender and Borrower;

WHEREAS , after negotiations, BDIC and Lender agreed in principal on that certain Letter of Intent, a copy of which is attached hereto as **Exhibit A** (the " LOI "), which sets for the general terms of the lending facility to be provided by Lender to BDI pursuant to the terms and conditions as set forth herein; and

WHEREAS , consistent with the LOI, Lender agrees to extend credit to Borrower for the sole and limited purposes of Borrower manufacturing more Devices for use in the Business, subject to the terms and conditions hereof, and Borrower agrees to borrow moneys from Lender pursuant to the terms and conditions hereof.

NOW, THEREFORE , in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, Borrower and Lender hereby agree to enter into this Agreement as follows:

A G R E E M E N T

1. DEFINITIONS AND CONSTRUCTION .

1.1 Definitions . As used in this Agreement, the following terms shall have the following definitions:

" Account " means an account (as that term is defined in the Code), and any and all supporting obligations in respect thereof.

" Account Debtor " means any Person who is obligated under, with respect to, or on account of, an Account, chattel paper, or a General Intangible, including, without limitation, any distributors of the Devices and any client of Borrower.

" Advances " has the meaning set forth in Section 2.1(a) . For the avoidance of doubt, a payment by Lender directly to Supplier and/or to either BDIC or BDIM pursuant to the terms and conditions hereof shall represent an Advance hereunder, and shall also represent part of the Obligations due hereunder.

" Affiliate " means, as applied to any Person, any other Person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of equity, by contract, or otherwise; provided, however , that: (a) any Person which owns directly or indirectly 5% or more of the equity having ordinary voting power for the election of directors or other members of the governing body of a Person or 5% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each partnership or joint venture in which a Person is a partner or joint venturer shall be deemed an Affiliate of such Person.

" Applicable Laws " shall have the meaning as set forth in Section 8.9 below.

" Authorized Person " means, with respect to any Person, the chief executive officer, chief financial officer, president or executive vice president of such Person.

" Board of Directors " means the board of directors (or comparable managers) of a Person or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

" Books " means Borrower's now owned or hereafter acquired books and records, including, without limitation, all records indicating, summarizing, or evidencing its assets (including, without limitation, the Collateral) and/or liabilities, all of its records relating to Borrower's business operations and financial condition, and all of its goods or General Intangibles relating to such information.

" Borrower " has the meaning set forth in the preamble to this Agreement, and includes, without limitation, any parent, Affiliate or subsidiary and any successors in interest to any of the following. For the avoidance of doubt, (1) references to Borrower shall include BDIC and BDIM, jointly and severally, as the case may be, and (2) each of BDIC and BDIM shall be jointly and severally liable for any and all obligations hereunder, as applicable.

" Borrowing " means a borrowing hereunder consisting of Advances made by Lender pursuant to this Agreement.

" Business Day " means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of California.

" Client " means a Person who acquires any right to the use, ownership or enjoyment of a Device, whether such Person is a retail end user (for Retail Units), a third party distributor or vender (for Wholesale Units) or such other Person that leases, licenses, uses or otherwise acquires Devices from the Company or its retail end user or third party distributor, as the case may be.

" Collateral " means all of Borrower's now owned or hereafter acquired right, title, and interest in and to all of its assets and rights (whether tangible or intangible, and whether in existence as of the Effective Date and thereafter), including, without limitation, each of the following:

(a) all of its Accounts,

(b) all of its Books,

(c) all of its commercial tort claims,

(d) all of its Deposit Accounts,

(e) all of its Equipment,

(f) all of its General Intangibles,

(g) all of its Inventory,

(h) all of its Investment Property (including all of its securities and Securities Accounts), and further including, without limitation, the equity held by BDIC in BDIM,

(i) all of its Negotiable Collateral,

(j) money or other assets of Borrower that now or hereafter come into the possession, custody, or control of Borrower, any Affiliate of Borrower, Lender and/or any Affiliate of Lender, and

(k) the proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing, and any and all Accounts, Books, Deposit Accounts, Equipment, General Intangibles, Inventory, Investment Property, Negotiable Collateral, Real Property, money, or other tangible or intangible property resulting from the sale, exchange, collection, or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof.

" Control Agreement " means the Deposit Account control agreement among Borrower, Lender and the Designated Bank required in connection with the Security Interest granted to Lender in connection with the Designated Account, in form and substance reasonably acceptable to Lender.

" Default " means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

" Deposit Account " means any deposit account (as that term is defined in the Code).

" Designated Account " means the designated Deposit Account with the Depository Bank.

" Designated Bank " means City National Bank, N.A., or any other depository bank acceptable to Borrower and Lender for purposes of establishing a Designated Account therein.

" Device " shall mean the BDI-747/1 breath/alcohol ignition interlock device, along with its patent pending BDI Model #1 power line filter, and such upgrades, modifications, improvements, replacements and substitutes as reasonably acceptable to Lender, provided that such device represents a breathalyzer device to be used by persons convicted of driving under the influence of alcohol and is approved as required by Applicable Law as a BAID.

" Dollars " or " $ " means United States dollars.

" Effective Date " shall have the meaning as set forth above.

" Equipment " means equipment (as that term is defined in the Code) and includes machinery, machine tools, motors, furniture, furnishings, fixtures, vehicles (including motor vehicles), computer hardware, tools, parts, and goods (other than consumer goods, farm products, or Inventory), wherever located, including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing.

" Event of Default " has the meaning set forth in Section 10 .

" GAAP " means generally accepted accounting principles as in effect from time to time in the United States, consistently applied.

" General Intangibles " means general intangibles (as that term is defined in the Code), including payment intangibles, contract rights, rights to payment, rights arising under common law, statutes, or regulations, choses or things in action, goodwill, patents, trade names, trade secrets, trademarks, service marks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, rights to payment and other rights under any royalty or licensing agreements, infringement claims, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, insurance premium rebates, tax refunds, and tax refund claims, and any and all supporting obligations in respect thereof, and any other personal property other than Accounts, Deposit Accounts, Goods, Investment Property, and Negotiable Collateral.

" Goods " means goods (as that term is defined in the Code).

" Governing Documents " means, with respect to any Person, the certificate or articles of incorporation, by-laws, or other organizational documents of such Person.

" Governmental Authority " means any federal, state, local, or other governmental or administrative body, city, joint powers authority, instrumentality, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

" Insolvency Proceeding " means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

" Inventory " means inventory (as that term is defined in the Code), and shall include, by way of illustration and not of limitation, all goods held by or on behalf of Borrower, whether title has passed to Borrower, whether directly or indirectly in Borrower's control or possession, and whether held by means of consignment or any other means.

" Investment Property " means investment property (as that term is defined in the Code), and any and all supporting obligations in respect thereof.

" IRC " means the Internal Revenue Code of 1986, as in effect from time to time.

" Lender " has the meaning set forth in the preamble to this Agreement, and any successor or assign thereof.

" Lien " means any interest in an asset securing an obligation owed to, or a claim by, any Person other than the owner of the asset, irrespective of whether (a) such interest is based on the common law, statute, or contract, (b) such interest is recorded or perfected, and (c) such interest is contingent upon the occurrence of some future event or events or the existence of some future circumstance or circumstances. Without limiting the generality of the foregoing, the term "Lien" includes the Security Interest and any other lien or security interest arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, security agreement, conditional sale or trust receipt, or from a lease, consignment, or bailment for security purposes and also includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Real Property.

" Loan " shall have the meaning as set forth in Section 2.1(a) below and shall include, by way of illustration and not of limitation, the Phase 1 Loan and the Phase 2 Loan.

" Loan Documents " means this Agreement, any note or notes executed by Borrower in connection with this Agreement and payable to Lender, including, without limitation, the Phase 1 Note, the Phase 2 Note, the Control Agreement, other security/pledge documentation, and any other agreement, certificate, instrument or document entered into, now or in the future, and/or delivered by or on behalf of the parties hereto and/or in connection with this Agreement and any of the above-mentioned documentation.

" Material Adverse Change " means (a) a material adverse change in the business, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Borrower, taken as a whole, (b) a material impairment of Borrower's ability to perform its obligations under the Loan Documents to which it is a party, or of Lender's ability to enforce the Obligations or realize upon the Collateral, or (c) a material impairment of the enforceability or priority of the Liens in favor of Lender with respect to the Collateral as a result of an action or failure to act on the part of Borrower.

" Negotiable Collateral " means letters of credit, letter of credit rights, instruments, promissory notes, drafts, documents, and chattel paper (including electronic chattel paper and tangible chattel paper), and any and all supporting obligations in respect thereof.

" Obligations " means all loans (including, without limitation, the Phase 1 Loan and the Phase 2 Loan), advances, debts, principal, interest (including any interest that, but for the commencement of an Insolvency Proceeding, would have accrued), contingent reimbursement obligations with respect to premiums, liabilities (including all amounts charged to Borrower's Loan Account pursuant hereto), obligations (including indemnification obligations), fees, charges, costs, Lender's costs and expenses (including any fees or expenses that, but for the commencement of an Insolvency Proceeding, would have accrued), lease payments, guaranties, covenants, and duties of any kind and description owing by Borrower to Lender pursuant to or evidenced by the Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all Lender's expenses and costs that Borrower is required to pay or reimburse by the Loan Documents, by law, or otherwise. Any reference in this Agreement or in the Loan Documents to the Obligations shall include all extensions, modifications, renewals, or alterations thereof, both prior and subsequent to the any Insolvency Proceeding. Notwithstanding the above, and for avoidance of doubt, the royalty payments due to be paid pursuant to the Royalty Agreement are not Obligations for purposes this Agreement.

“ Permitted Dispositions ” mean sales or other dispositions of Devices that are substantially worn, damaged, or obsolete in the ordinary course of business to non-related third Persons for appropriate "fair market value".

“ Permitted Liens ” means (a) Liens held by Lender, (b) Liens for unpaid taxes that either (i) are not yet delinquent, or (ii) do not constitute an Event of Default hereunder and are the subject of Permitted Protests, (c) the interests of lessors under operating leases, (d) Liens arising from deposits made in connection with obtaining worker’s compensation or other unemployment insurance, and (e) Liens subordinated to the Liens held by the Lender.

“ Permitted Protest ” means the right of Borrower to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on the Books in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Borrower, as applicable, in good faith, and (c) Lender is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of the Liens in favor of Lender.

“ Person ” means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

“ Phase 1 Loan ” shall have the meaning as set forth in Section 2.1(b)(i) below.

“ Phase 1 Maturity Date ” shall mean shall mean the earlier to occur of (i) the occurrence of a Default, or (ii) September 30, 2019, which represents the 3 rd anniversary of the Effective Date.

“ Phase 1 Maximum Amount ” shall have the meaning as set forth in Section 2.1(b)(i) below, as such may be adjusted from time to time by Lender in its sole discretion upon written notice to Borrower.

“ Phase 1 Note ” shall have the meaning as set forth in Section 2.1(b)(i) below.

" Phase 2 Balance Payment " shall be an amount not to exceed the difference between $350,400 less the amount of the Phase 2 Initial Deposit.

" Phase 2 Initial Deposit " shall be an amount representing the initial deposit due in connection with the Phase 2 Purchase Agreement not to exceed $175,200.

" Phase 2 Loan " shall have the meaning as set forth in Section 2.1(b)(ii) below.

" Phase 2 Maturity Date " shall mean the earlier to occur of (i) the occurrence of a Default, (ii) the 3 rd anniversary of the of the date of the Phase 2 Initial Deposit, or (iii) October 1, 2020.

" Phase 2 Maximum Amount " shall have the meaning as set forth in Section 2.1(b)(ii) below, as such may be adjusted from time to time by Lender in its sole discretion upon written notice to Borrower.

" Phase 2 Note " shall have the meaning as set forth in Section 2.1(b)(ii) below.

" Phase 2 Purchase Agreement " shall have the meaning as set forth in Section 2.4(b)(i) and shall be a valid and binding agreement between Borrower and Supplier.

" Record " means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

" Retail Units " means those Devices which Borrower leases from time to time directly to end-users.

" Security Interest " means the first priority perfected security interest in the Collateral granted by Borrower to Lender pursuant to this Agreement.

" Solvent " means, with respect to any Person on a particular date, that such Person is able to timely pay its financial obligations as they become due.

" Supplier " shall mean the company in China that supplies substantially all of the parts and the base unit required for manufacturing the Devices.

" Term " shall have the meaning as set forth in Section 4.4 below.

" Total Units " means those Devices (including, without limitation, Retail Units and Wholesale Units) for which Borrower is receiving payment or other consideration (including, without limitation, non-monetary consideration) or has voluntarily elected not to receive such payment or other consideration, regardless of whether the Device is distributed, installed, sold or used by Borrower, its Affiliates, related Persons, Clients, customers, distributors and/or franchisees, and whether placed directly with end-users or to approved unrelated Persons, including, without limitation, any third-party vendors.

" UCC " shall refer to the California Uniform Commercial Code, as may be amended from time to time.

" Wholesale Units " means those Devices which Borrower directly or indirectly leases to a third party distributor or any Person who acts as an intermediary directly or indirectly on behalf of Borrower with an end-user of a Device.

1.2 Accounting Terms . All accounting terms not specifically defined herein shall be construed in accordance with GAAP. When used herein, the term "financial statements" shall include the notes and schedules thereto.

1.3 UCC . Any terms used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein.

1.4 Construction . Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in the other Loan Documents to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to the payment or repayment in full of the Obligations shall mean the indefeasible payment in full and/or indefeasible repayment in full in cash of all Obligations (other than contingent indemnification Obligations). Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein or in the other Loan Documents shall be satisfied by the written transmission of a record and any such record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein.

1.5 Recitals, Schedules and Exhibits . The Recitals set forth above, as well as all of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference, and, as appropriate, shall qualify the terms and conditions of this Agreement.

2. LOAN AND TERMS OF PAYMENT .

2.1 Inventory Loan Facility. .

(a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, Lender agrees to make advances (" Advances ") to Borrower for the sole and limited purposes of manufacturing Devices pursuant to the terms and conditions set forth herein (the " Loan "). In no event shall Lender have an obligation to make an Advance to Borrower, nor shall the Borrower be entitled to request or receive an Advance, if (i) Borrower has not satisfied the conditions for funding an Advance as set forth herein, (ii) a Default or Event of Default shall have occurred and remain outstanding on the date of request of such Advance or the date of funding thereof, and (iii) the amount of the requested Advance, when added to principal amount of Advances outstanding on the date of request therefore or the funding thereof, would exceed the Phase 1 Maximum Amount or the Phase 2 Maximum Amount, as the case may be.

(b) The Loan shall be comprised of two phases:

(i) Phase 1 : Subject to the terms and conditions hereof, Lender agrees to lend to Borrower up to $192,000 (" Phase 1 Maximum Amount ") for the sole and limited purposes of manufacturing 600 Devices (" Phase 1 Loan "). In connection herewith, Borrower shall execute and deliver that certain Secured Phase 1 Note (the " Phase 1 Note ") evidencing the Phase 1 Loan, a copy of which is attached hereto as **Exhibit B** ;

(ii) Phase 2 : Following Lender's funding of the Phase 1 Loan, and subject to the terms and conditions hereof, Lender agrees to lend to Borrower up to $350,400 (" Phase 2 Maximum Amount ") for the sole and limited purposes of manufacturing 1000 Devices (" Phase 2 Loan "). In connection herewith, Borrower shall execute and deliver that certain Secured Phase 2 Note (the " Phase 2 Note ") evidencing the Phase 2 Loan, a copy of which is attached hereto as **Exhibit C** ;

(iii) All amounts outstanding under the Phase 1 Loan and Phase 2 Loan shall constitute Obligations.

2.2 Interest Rates: Rates, Payments, and Calculations .

(a) **Interest**

(i) Interest on Phase 1 Loan **.** Interest on the outstanding principal balance of the Advances under the Phase 1 Loan shall be due and payable on the 1st day of each calendar month from and after the Effective Date commencing November 1, 2016 and each calendar month thereafter until the Phase 1 Maturity Date, and shall accrue at a rate per annum equal to twenty-five percent (25%) on the unpaid principal amount outstanding from time to time from and after the Effective Date, or (if less), the highest rate then permitted under Nevada applicable law. All interest rates shall be calculated based on a 360-day year and actual days elapsed.

(ii) Interest on Phase 2 Loan **.** Interest on the outstanding principal balance of the Advances under the Phase 2 Loan shall be due and payable on the same calendar day of each calendar month from and after the date of the funding by Lender of the Phase 2 Initial Deposit (or any portion thereof) (by way of illustration and not of limitation, if the initial Advance of the Phase 2 Loan was made by Lender on the 12 th day of a calendar month, interest would be due and payable, pursuant to the terms and conditions hereof, on the 12 th day of each subsequent calendar month until the Phase 2 Maturity Date), and shall accrue at a rate per annum equal to twenty-five percent (25%) on the average principal balance of such Advances at the close of each day during the immediately preceding calendar month, as reflected by Lender's Loan Account. All interest rates shall be calculated based on a 360-day year and actual days elapsed; provided , however , that no interest will begin to accrue on the Phase 2 Initial Deposit for the first calendar month (the " Grace Period ") following Lender's Advance of the Phase 2 Initial Deposit (by way of illustration, if the Phase 2 Initial Deposit was funded on February 11, 2017, interest at the rate of 25% per annum would begin to accrue on said Phase 2 Initial Deposit commencing March 11, 2017 and thereafter until the Phase 2 Loan is indefeasibly paid in full), and thereafter, interest will accrue on the Phase 2 Initial Deposit following the expiration of the Grace Period and will be due and payable in monthly installments on the same calendar day of each succeeding calendar month, with all outstanding interest, costs and expenses due and payable on the Phase 2 Maturity Date.

(iii) Intent to Limit Charges to Maximum Lawful Rate . In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrower and Lender, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, however , that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under Applicable Laws, then, ipso facto, as of the date of this Agreement, Borrower is and shall be liable only for the payment of such maximum as allowed by law, and payment received from Borrower in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

(b) **Payments to Lender** .

(i) The entire amount of all principal, interest, charges and expenses owed in connection with the Phase 1 Loan shall be immediately due and payable in full, without any requirement of demand, notice or presentment, on the Phase 1 Maturity Date. The entire amount of all principal, interest, charges and expenses owed in connection with the Phase 2 Loan shall be immediately due and payable in full, without any requirement of demand, notice or presentment, on the Phase 2 Maturity Date. For avoidance of doubt, the Obligations are jointly and severally owed by each of BDIC and BDIM as Borrower hereunder.

(ii) The foregoing notwithstanding, Borrower may prepay all or any portion of the principal, interest and costs and expenses due in connection with the Phase 1 Loan, the Phase 2 Loan and/or under the Loan Documents at any time prior to the Phase 1 Maturity Date or the Phase 2 Maturity Date, as applicable, without any prepayment penalty.

(iii) All payments by Borrower hereunder shall be made in the lawful money of the United States of America in immediately available funds on the date specified herein.

(iv) All payments due hereunder shall be delivered to Lender as follows:

(A) **If via wire transfer** : Pursuant to wire instructions provided from time to time by Lender for deposit into an account designated from time to time by Lender for Lender's benefit; provide, however, that (i) such funds are received no later than 11:00 a.m. (Los Angeles time) on the date specified herein, and (ii) any payment received by Lender later than 11:00 a.m. (Los Angeles time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(B) **If via check** : To the following address: **THE DOHENY GROUP, LLC** , _____, Los Angeles, CA 9____, Attention: David Haridim, Managing Member, or to such other address or to the attention of such other person as specified by prior written notice to Borrower; provided, however, that any payment received by Lender later than such date specified herein shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(c) **Application of Payments** .

(i) From and after the Effective Date, at any time that an Event of Default has occurred and is continuing, all payments remitted to Lender and all proceeds of Collateral received by Lender shall be applied as follows:

(A) first, to pay any and all costs and expenses due to Lender under the Loan Documents;

(B) second, to pay interest due in respect of the Phase 1 Loan until indefeasibly paid in full,

(C) third, to pay interest due in respect of the Phase 2 Loan until indefeasibly paid in full,

(D) fourth, to pay any outstanding principal/Advances due in respect of the Phase 1 Loan until indefeasibly paid in full;

(E) fifth, to pay any outstanding principal/Advances in respect of the Phase 2 Loan until indefeasibly paid in full

(F) sixth, to pay any other Obligations, and

(G) seventh, to Borrower or such other Person entitled thereto under Applicable Laws.

(ii) In each instance, so long as no Event of Default has occurred and is continuing, this Section 2.2(c) shall not be deemed to apply to any payment by Borrower specified by Borrower to be for the payment of specific Obligations then due and payable (or pre-payable) under any provision of this Agreement.

(iii) For purposes of the foregoing, paid "in full" means indefeasible payment of all amounts owing under the Loan Documents according to the terms hereof and thereof, including loan fees, service fees, professional fees, interest (and specifically including interest accrued after the commencement of any Insolvency Proceeding), default interest, interest on interest, and expense reimbursements, whether or not any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding. Further, in the event that, after payment in full, to the extent that Lender is subject to any action or proceeding concerning the recovery of such payment or payments, such Obligation shall be reinstated and not be deemed to be "indefeasibly paid in full" and shall be outstanding and subject to the terms and conditions hereof as if no such payment or payments were made.

(iv) In the event of a direct conflict between the priority provisions of this Section 2.2 and other provisions contained in any other Loan Document, it is the intention of the parties hereto that such priority provisions in such documents shall be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this Section 2.2 shall control and govern.

2.3 Designated Account . Lender is authorized to make the Advances under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person of Borrower. Borrower agrees to establish and maintain the Designated Account with the Designated Bank for the purpose of receiving the proceeds of the Advances requested by Borrower and made by Lender hereunder as well as proceeds received by Borrower from whatever source. Unless otherwise agreed by Lender and Borrower, any Advance made by Lender hereunder shall be made to the Designated Account.

2.4 Borrowing Procedures .

(a) **Phase 1 Loan—Procedure for Borrowing an Advance** .

(i) Subject to Section 4 below, and unless otherwise waived in whole or in part by Lender, each Advance with respect to the Phase 1 Loan after the Effective Date shall be made by an irrevocable written request by an Authorized Person delivered to Lender (which notice must be received by Lender no later than 10:00 a.m. (Los Angeles time) on the Business Day that is not less than three (3) Business Days prior to the requested funding date specifying (i) the amount of such Borrowing, and (ii) the requested funding date, which shall not be less than three (3) Business Days from said irrevocable written request. At Lender's election, in lieu of delivering the above-described written request, any Authorized Person may give Lender telephonic notice of such request by the required time. In such circumstances, Borrower agrees that any such telephonic notice will be confirmed in writing within 24 hours of the giving of such notice and the failure to provide such written confirmation shall not affect the validity of the request. Lender shall have the right to rely on any telephonic, e-mail or posted request for an Advance made by anyone purporting to be an officer or other employee of the Borrower that the Borrower has authorized in writing to request Advances hereunder, without further investigation.

(ii) All said irrevocable written requests for an Advance under the Phase 1 Loan shall include, among other things, (1) written documentation reasonably acceptable to Lender from Supplier that the base unit and all of the parts to be acquired from Supplier and requested by Borrower to manufacture 600 Devices are ready and available for shipment, and that all said base units and other parts are being acquired directly from Supplier by Borrower ratably at a total (fully loaded) cost not to exceed $375/Device, and (2) written documentation from (a) Borrower (email from Borrower) confirming that all tangible and intangible property required for the 600 Devices to be manufactured pursuant to one or more Advances under the Phase 1 Loan are to be purchased or acquired free and clear of any Lien other than the Permitted Liens, and (b) Supplier (email from Supplier) confirming Supplier does not have a Lien on the base units and all other parts acquired from Supplier, nor does Supplier have a Lien on the resultant 600 Devices manufactured from said base units and other parts supplied by Supplier.

(iii) All said Advances from Lender under the Phase 1 Loan shall be made either to Borrower directly (to then be immediately applied directly to payment in full of the base units and other parts purchased from Supplier), or directly to Supplier, with said Advances representing Obligations hereof (regardless of whether sent to Borrower or directly to Supplier on behalf of Borrower), in Lender's sole discretion.

(b) **Phase 2 Loan—Procedure for Borrowing an Advance** .

(i) Borrower will negotiate with Supplier in good faith concerning the purchase of all base units and all of the other parts requested by Borrower to manufacture an additional 1000 Devices from Supplier free and clear of all Liens (other than Permitted Liens), and in connection therewith, Borrower agrees to enter into a definitive agreement (the " Phase 2 Purchase Agreement ") by no later than March 1, 2017. At Lender’s written request, Borrower shall keep Lender reasonably apprised of developments in connection with said negotiations, including, without limitation, the proposed price and other terms, and shall as reasonable and appropriate provide to Lender copies of all communications and materials relating to the procurement of all base units and all of the other parts requested by Borrower from Supplier to manufacture an additional 1000 Devices . Borrower expressly covenants and agrees that the Phase 2 Purchase Agreement will include the following terms and conditions: (1) the purchase price thereunder is equal to or less than the Phase 2 Maximum Amount, (2) the base units and all of the other parts requested by Borrower thereunder will be free and clear of any Liens from Supplier, (3) the Phase 2 Initial Deposit will not exceed $175,200, and the balance due under the Phase 2 Purchase Agreement, will not exceed the Phase 2 Balance Payment, (4) said Phase 2 Balance Payment will not be due and payable for at least thirty (30) days from the date of Lender's Advance for the Phase 2 Initial Deposit, and (5) the base units and other parts requested by Borrower under the Phase 2 Purchase Agreement are being acquired ratably at a total (fully loaded) cost not to exceed $350/Device.

(ii) Subject to Borrower's compliance with Section 2.4(b)(i) and Section 4 below and prior to the expiration of the Term, upon Borrower entering into the Phase 2 Purchase Agreement, Borrower shall request an Advance under the Phase 2 Loan for payment of the Phase 2 Initial Deposit (subject to the terms and conditions hereof) by delivery to Lender of an irrevocable written request (along with a fully executed copy of the Phase 2 Purchase Agreement) by an Authorized Person delivered to Lender (which notice must be received by Lender no later than 10:00 a.m. (Los Angeles time) on the Business Day that is not less than three (3) Business Days prior to the requested funding date specifying (i) the amount of such Borrowing, not to be greater than the Phase 2 Initial Deposit, and (ii) the requested funding date, which shall not be less than three (3) Business Days from said irrevocable written request.

(iii) Subject to Borrower's compliance with Sections 2.4(b)(i) and (ii) and Section 4 below and prior to the expiration of the Term, Borrower shall request an Advance under the Phase 2 Loan for payment of the Phase 2 Balance Amount (subject to the terms and conditions hereof) by delivery to Lender of an irrevocable written request by an Authorized Person delivered to Lender (which notice must be received by Lender no later than 10:00 a.m. (Los Angeles time) on the Business Day that is not less than three (3) Business Days prior to the requested funding date specifying (i) the amount of such Borrowing, not to be greater than the Phase 2 Balance Amount, and (ii) the requested funding date, which shall not be less than three (3) Business Days from said irrevocable written request.

(iv) All said irrevocable written requests for an Advance under the Phase 2 Loan, unless waived in whole or in part by Lender, shall include, among other things, (1) written documentation from (a) Borrower (email from Borrower) confirming that all tangible and intangible property required for the 1000 Devices to be manufactured pursuant to Advances under the Phase 2 Loan are to be purchased or acquired free and clear of any Lien other than the Permitted Liens, and (b) Supplier (email from Supplier) confirming Supplier does not have a Lien on the base units and all other parts acquired from Supplier for said 1000 Devices to be manufactured pursuant to the Phase 2 Loan, nor does Supplier have a Lien on the resultant 1000 Devices manufactured from said base units and other parts supplied by Supplier.

(v) All said Advances from Lender under the Phase 2 Loan shall be made either to Borrower directly (to then be immediately applied directly to payment in full of the base units and other parts required for said 1000 Devices), or directly to Supplier, with said Advances representing Obligations hereof (regardless of whether sent to Borrower or directly to Supplier on behalf of Borrower), in Lender's sole discretion.

2.5 Maintenance of Loan Account; Statements of Obligations . Lender shall maintain an account on its books in the name of Borrower (the " Loan Account ") on which Borrower will be charged with the Phase 1 Loan and the Phase 2 Loan, respectively, all Advances made by Lender to Borrower or for Borrower's account and with all other payment Obligations hereunder or under the other Loan Documents, including, without limitation, any and all accrued interest, fees and expenses. The Loan Account will be credited with all payments received by Lender from Borrower or for Borrower's account. Lender shall render, upon request, statements regarding the Loan Account to Borrower, including principal, interest, fees, charges and expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrower and Lender unless, within 30 days after receipt thereof by Borrower, Borrower shall deliver to Lender written objection thereto describing the error or errors contained in any such statements.

3. CONSIDERATION: EQUITY GRANT AND ROYALTIES.

3.1 Equity Grant In BDIC .

(a) In consideration of Lender agreeing to extend credit to Borrower in connection with the Phase 1 Loan and the Phase 2 Loan, respectively, and in lieu of other fees and charges associated with the Loan, BDIC shall issue to Lender, subject to the terms and conditions set forth herein and without further consideration, the requisite amount of fully paid, non-assessable shares (the " Shares ") of common stock of Borrower (" Common Stock ") as follows:

(i) Upon Lender's delivery of funds as provided herein associated with one or more Advances of the Phase 1 Loan in the full amount of the Phase 1 Maximum Amount, BDIC shall issue to Lender Shares of Common Stock (the " Initial Share Issuance ") in an amount equal to 4.99% of the issued and outstanding shares of Common Stock as of such issuance date (the " Initial Anti-Dilution Threshold "); and

(ii) Upon Lender's delivery of funds as provided herein associated with one or more Advance of the Phase 2 Loan in the full amount of the Phase 2 Maximum Amount, BDIC shall issue to Lender additional Shares of Common Stock (the " Subsequent Share Issuance ") in an amount such that, after consideration of the Initial Share Issuance, the Shares owned by Lender following the Subsequent Share Issuance represents 9.99% of the issued and outstanding shares of Common Stock as of such issuance date (the " Anti-Dilution Threshold "); provided, however, that if Lender sells to any unrelated Person any shares of Common Stock granted in connection with the Initial Share Issuance prior to the Subsequent Share Issuance, then the Anti-Dilution Threshold hereunder will be adjusted such that it will be the sum of (x) the Initial Anti-Dilution Threshold, as reduced pursuant to Section 3.1(e) below, plus (y) with respect to the Subsequent Share Issuance, 5.00% of the issued and outstanding shares of Common Stock as of such issuance date, subject to subsequent adjustment following the Subsequent Share Issuance pursuant to Section 3.1(e) below.

(iii) For the avoidance of doubt, the Shares, including, without limitation, Shares from each of the Initial Share Issuance and the Subsequent Share Issuance, shall be subject to anti-dilution protection as provided in this Section 3.1, with the Lender's maximum ownership of Shares of Common Stock being 9.99% of the issued and outstanding shares of Common Stock, subject to adjustment as set forth in Section 3.1(e) below.

(b) In connection with each said issuance, (1) BDIC shall deliver to Lender the documentation attached hereto required to be executed and delivered between the parties hereto to effectuate the issuance of the Shares (including, without limitation, the Initial Share Issuance and the Subsequent Share Issuance, as appropriate) , a copy of the form of which is attached hereto as **Exhibit D** (the " Issuance Documents "), and BDIC and Lender shall execute and deliver all of said documentation as required to effectuate the issuance of the Shares as contemplated herein in compliance with Applicable Laws, (2) BDIC shall file such documents, instruments, certificates and agreements, and take such action as reasonable and appropriate, to comply with any and all Applicable Laws, and in connection therewith, provide such assistance as reasonable and appropriate to Lender concerning Lender's compliance with Applicable Laws relating to the issuance of the Shares, and (3) to the fullest extent permitted by Applicable Laws, Borrower and BDIC shall agree to allocate in good faith a "cost" basis in said Shares of Common Stock in an amount equal to the fair market of BDIC's Common Stock on or about the end of July, 2016, which represents the time at which the parties entered into negotiations and tentatively agreed that if Lender loaned Borrower funds sufficient to acquire the necessary base units and other parts from Supplier to manufacture at least 1500 Devices then BDIC, among other things, would issue to Lender shares of Common Stock.

(c) Commencing as of the Effective Date and continuing until the later of (x) the expiration of the Term or (y) three (3) years from the date of any issuance of Shares as contemplated herein (the " Anti-Dilution Period "), BDIC will provide Lender with anti-dilution protection to permit Lender, at no additional cost or expense, to maintain the Initial Anti-Dilution Threshold and/or the Anti-Dilution Threshold, as applicable, as of such date in the issued and outstanding shares of Common Stock. By way of illustration and not of limitation, upon such time during the Anti-Dilution Period as (i) BDIC grants, issues or conveys in any manner any shares of Common Stock in BDIC, including, without limitation, the issuance of additional shares of Common Stock and/or (ii) any Person converts any convertible preferred stock (if any) in BDIC into Common Stock and/or any Person exercises any option, warrant or convertible debt or equity instrument, the result of which is such Person is entitled to the issuance of shares of Common Stock, then BDIC will immediately and simultaneously issue to Lender, without cost or expense, additional Shares of Common Stock so that, immediately after such event, Lender maintains its Initial Anti-Dilution Threshold interest or its Anti-Dilution Threshold interest, as the case may be, in the issued and outstanding shares of Common Stock.

(d) Anything to the contrary contained herein notwithstanding, if the issuances of the Shares as contemplated herein result in Lender having the right to own "fractional shares" of Common Stock, to the extent that such fractional shares, if "rounded up" to the next whole share of Common Stock, would result in Lender owning Shares in excess of the Anti-Dilution Threshold, then such fractional shares shall be rounded down such that Lender's ownership of shares of Common Stock is not in excess of the Anti-Dilution Threshold.

(e) Furthermore, to the extent that Lender sells to any unrelated Person any shares of Common Stock during the Anti-Dilution Period, then, upon the closing of such sale, the Initial Anti-Dilution Threshold interest or the Anti-Dilution Threshold interest, as applicable, shall be adjusted to reflect, immediately after said closing, the (1) number of Shares of Common Stock held by Lender as of such date (as may be increased for any additional issuances as contemplated in Section 3.1(c) above), divided by (2) the number of issued and outstanding shares of Common stock in BDIC. By way of illustration and not of limitation, to the extent that Lender owns 9,999 Shares of Common Stock, representing ownership of 9.99% of all shares of Common Stock issued and outstanding (i.e., BDIC has 100,000 shares of Common Stock issued and outstanding as of said date), and during the Anti-Dilution Period Lender sells to an unrelated person 1,999 shares of Common Stock, then, for purposes of this Section 3.1, the Anti-Dilution Threshold has decreased from 9.99% to 8.00% (representing 8000 Shares of Common Stock compared to 100,000 shares of Common Stock issued and outstanding).

3.2 Royalties .

(a) In consideration of Lender agreeing to extend credit to Borrower in connection with the Loan, and in lieu of other fees and charges associated with the Loan, concurrent with the execution and delivery of this Agreement and without further consideration, Borrower shall promptly enter into and deliver to Lender that certain Royalty Agreement in favor of Lender, a copy of which is attached hereto as **Exhibit E** (the " Royalty Agreement "), the terms and conditions of which are incorporated herein and made a part hereof.

(b) As more fully set forth in the Royalty Agreement, Borrower agrees to grant Lender the following per calendar month cum ulative royalties in perpetuity on Total Units:

(i) **Total Units are between 501 - 800**

- $1.00 per Retail Unit; and
- $1.00 per Wholesale Unit or other Device

(ii) **Total Units are between 801 - 5000**

- $2.00 per Retail Unit; and
- $1.50 per Wholesale Unit or other Device

(iii) **Total Units are between 5001 – 10,000**

- $1.50 per Retail Unit; and
- $1.25 per Wholesale Unit or other Device

(iv) **Total Units in excess of 10,000**

- $1.00 per Retail Unit; and
- $1.00 per Wholesale Unit or other Device

(c) Pursuant to the terms and conditions of the Royalty Agreement, the royalty payment obligation shall commence from and after the occurr ence of the number of Total Units being in excess of 500 Devices (the " Royalty Commencement Date "). Once this occurs, then beginning on the first calendar month thereafter, and for every subsequent calendar month thereafter in perpetuity, Borrower will pay the applicable royalty payments per calendar month for each of the Total Units in accordance with the above schedule based on each Total Unit for which Borrower received cash or other consideration from or on behalf of the Client thereof (or for which Borrower voluntarily elected to waive any right to payment or other consideration from the Client thereof). Such payments will be payable to Lender on the 15 th of each calendar month following the Royalty Commencement Date in perpetuity, even after all Obligations due under the Loan Documents (other than the Royalty Agreement) have been indefeasibly paid in full (and not subject to disgorgement or recovery).

(d) In connection with each royalty payment, Borrower shall provide a statement setting forth the calculation of the royalty amount, along with such supporting documentation as reasonable and appropriate or as may be reasonably requested from time to time by Lender. The parties expressly acknowledge and agree that (1) to the extent that Borrower elects to forgo, defer or waive any such payment due from a Client with respect to a Device, or receive other consideration concerning said Device, such amount shall nonetheless be included in the determination of royalties due thereunder, and (2) each will meet on no less than an annual basis to work in good faith to "true up" the amount of royalties due under the Royalty Agreement, and in connection therewith, to the extent that an adjustment is needed (either because too little or too much was paid in royalties in a given year (or other period), either Borrower will promptly advance additional liquid funds to Lender, or Borrower will offset present or future royalties due Lender under the Royalty Agreement, as the case may be.

(e) By way of illustration and not of limitation, Borrower will only pay royalties to Lender for each of the Total Units from and after the Royalty Commencement Date that it receives payment or other consideration from the Client of said Total Unit (or for which Borrower voluntarily elected to waive any right to payment or other consideration from the Client thereof). Solely for the avoidance of doubt, for purposes of determining the proper amount of royalties under the Royalty Agreement, (1) in the event that Borrower receives an advance payment from a Client (for example, $1,200 for twelve monthly payments due from a Retail Unit Client of $100 per month, when there are only 550 Total Units), then in such a situation, the amount of royalties due with respect to said Total Unit shall be $12, all of which is payable on the 15 th day of the calendar month immediately following receipt of said $1,200, (2) in the event that Borrower does not receive payment from a client until after the Device has been provided to said Client (for example, a Device representing a Retail Unit is given to a Client on January 1 for a 12 month period, the rental amount is $100/month, and payment is not received by Borrower until December 20 th of said year, when there are only 550 Total Units), then in such a situation, the amount of royalties due with respect to said Total Unit shall be $12, all of which is payable on January 15 of the following year, and (3) assuming the same facts as set forth in subsection 3.2(d)(1) above, except that the Client returns the Device within 6 months and is permitted to recover the remaining 6 months of payments (representing a refund of $600 from Borrower to said Client), then in such a situation, Lender and Borrower will "true up" the amount of royalties due, and in this situation, Borrower will offset present or future royalties due Lender by the amount of $6, representing the 6 months advanced by said Client which was refunded from amounts received by Borrower at the commencement of the lease of said Total Unit.

(f) Pursuant to the terms and conditions of the Royalty Agreement, Borrower shall provide Lender with, among other things, (i) financial statements and reports consistent with Section 7.1 below, and (ii) audit and inspection rights consistent with Section 7.2 below, to permit Lender to ascertain Borrower's compliance with the terms and conditions of the Royalty Agreement, which obligations shall survive the expiration of the Term and the indefeasible payment in full of the Obligations hereunder.

(g) Pursuant to the terms and conditions of the Royalty Agreement, in the event that Borrower enters into any transaction (regardless of form) or upon the occurrence whereby (x) Borrower sells, conveys, transfers or assigns (in any manner, including, without limitation, pursuant to a license, lease, assignment for the benefit of creditors, merger or other consolidation) all or substantially all of the Devices and/or its assets, or (y) all or substantially all of the equity of Borrower is sold, conveyed, transferred, or assigned, or (z) Borrower transfers, sells, assigns or conveys in any manner the Business and/or control of Borrower and/or the Business, then, as an express condition of said transaction or occurrence, Borrower expressly acknowledges and agrees that it shall cause the acquirer/surviving Person (the " Acquirer ") to include in any acquisition/merger/transfer document a requirement that the royalty obligations of Borrower under the Royalty Agreement are expressly assumed by such Acquirer, who shall be liable with respect to the royalties due under the Royalty Agreement as if an original party thereto. Without limiting any of its rights or remedies whatsoever, to the extent that the Acquirer is not bound by and/or does not honor the terms and conditions of the Royalty Agreement, then, Borrower shall pay to Lender as a "liquidated damage" resulting therefrom in one lump sum an amount equal to the product of the last 12 calendar months of royalty payments pursuant to the Royalty Agreement, multiplied by 100.

4. CONDITIONS; TERM OF AGREEMENT .

4.1 Conditions to Loan. The agreement of Lender to extend credit to Borrower in the form of the Loan pursuant to the terms and conditions hereof is subject to the satisfaction, prior to or concurrently with (subject to the other terms and conditions hereof) the making of such Loan on the Effective Date, of (a) the delivery by Borrower to Lender of the following documents, duly executed where indicated by an authorized representative of Borrower: (1) a counterpart signature to this Agreement, (2) the Control Agreement (along with the signatures of Borrower and an authorized representative of the Designated Bank thereto), (3) a counterpart signature to the Royalty Agreement, and (4) certified resolutions of the Board of Directors of Borrower authorizing the Loan Documents and the transactions contemplated therein, (b) Lender has and maintains throughout the Term a first-priority perfected Lien in the Collateral, free and clear from any and all other Liens, except Permitted Liens, unless Lender elects otherwise (in whole or in part) in Lender's sole and absolute discretion and in writing; (c) throughout the Term, upon Lender's request, BDIC appoints a person reasonably acceptable to Lender to BDIC's Board of Directors and employs a person reasonably acceptable to Lender as Borrower's chief financial officer;

4.2 Conditions Precedent to Advances With Respect to the Phase 1 Loan . The obligation of Lender to make any Advances hereunder with respect to the Phase 1 Loan at any time from and after the Effective Date shall be subject to the following conditions precedent, in addition to the conditions precedent as set forth in Section 4.1 above:

(a) Compliance with the terms and conditions set forth in Section 2.4(a) above;

(b) Delivery by Borrower to Lender of an original signature to the Phase 1 Promissory Note;

(c) Upon the funding of the Advance of the Phase 1 Maximum Amount as provided herein, and subsequent delivery of said Advance to Supplier as contemplated herein, Borrower will have sole ownership of and hold all right, title and interest in and to the 600 Devices to be manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens;

(d) The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(e) No Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof; and

(f) A certificate, signed by Laurence Wainer, President of Borrower, certifying that (i) the conditions specified in this Agreement have been satisfied, (ii) the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects on and as of such date, (iii) there is no Default or Event of Default, and (iv) as of such date, there have been no change, event, occurrence, circumstance or development that, individually or in the aggregate, represents a Default and/or a Material Adverse Change.

4.3 Conditions Precedent to Advances With Respect to the Phase 2 Initial Deposit . The obligation of Lender to make any Advances hereunder with respect to the Phase 2 Initial Deposit at any time from and after the Effective Date shall be subject to the following conditions precedent, in addition to the conditions precedent as set forth in Section 4.1 above:

(a) Lender has funded the Advance of the Phase 1 Maximum Amount pursuant to the terms and conditions hereof, and in connection therewith, Borrower has sole ownership of and holds all right, title and interest in and to the 600 Devices manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens as contemplated in connection with the Phase 1 Loan;

(b) Upon the funding of the Advance of the Phase 2 Maximum Amount as provided herein, and subsequent delivery of said Advance to Supplier as contemplated herein, Borrower will have sole ownership of and hold all right, title and interest in and to the additional 1000 Devices to be manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens;

(c) Compliance with Section 2.4(b) , as applicable to the Phase 2 Initial Deposit, including, without limitation, (1) Borrower and Supplier entering into and delivering to Lender a copy of that certain Phase 2 Purchase Agreement, which agreement conforms with the requirements set forth in Section 2.4(b) above, (2) the amount of the Phase 2 Initial Deposit does not exceed $175,200, and (3) Lender receives reasonable advance written notice of the Advance requested pursuant to Section 2.4(b) above;

(d) Delivery by Borrower to Lender of an original signature to the Phase 2 Promissory Note;

(e) The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(f) No Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof; and

(g) A certificate, signed by Laurence Wainer, President of Borrower, certifying that (i) the conditions specified in this Agreement have been satisfied, (ii) the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects on and as of such date, (iii) there is no Default or Event of Default, and (iv) as of such date, there have been no change, event, occurrence, circumstance or development that, individually or in the aggregate, represents a Default and/or a Material Adverse Change.

4.4 Conditions Precedent to Advances With Respect to the Phase 2 Balance Amount . The obligation of Lender to make any Advances hereunder with respect to the Phase 2 Balance Amount at any time from and after the Effective Date shall be subject to the following conditions precedent, in addition to the conditions precedent as set forth in Section 4.1 , above:

(a) Lender has funded the Advance of the Phase 1 Maximum Amount pursuant to the terms and conditions hereof, and in connection therewith, Borrower has have sole ownership of and holds all right, title and interest in and to the 600 Devices manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens as contemplated in connection with the Phase 1 Loan;

(b) Lender has funded the Advance of the Phase 2 Initial Deposit pursuant to the terms and conditions hereof;

(c) Upon the funding of the Advance of the Phase 2 Balance Amount as provided herein, and subsequent delivery of said Advance to Supplier as contemplated herein, Borrower will have sole ownership of and hold all right, title and interest in and to the additional 1000 Devices to be manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens;

(d) Compliance with Section 2.4(b) , as applicable to the Phase 2 Balance Amount;

(e) The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(f) No Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof; and

(g) A certificate, signed by Laurence Wainer, President of Borrower, certifying that (i) the conditions specified in this Agreement have been satisfied, (ii) the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects on and as of such date, (iii) there is no Default or Event of Default, and (iv) as of such date, there have been no change, event, occurrence, circumstance or development that, individually or in the aggregate, represents a Default and/or a Material Adverse Change.

4.5 No Obligation To Extend Other Credit. Borrower expressly acknowledges and agrees that Lender shall have no obligation whatsoever to extend credit or provide any additional loans or financial assistance other than with respect to the Phase 1 Loan and the Phase 2 Loan as expressly provided herein.

4.6 Term . This Agreement shall continue in full force and effect for a term commencing on the Effective Date and ending on the date that Borrower has indefeasibly repaid the entire amount of the Obligations hereunder in full (the " Term "). The foregoing notwithstanding, Lender shall have the right to terminate its obligations under this Agreement immediately and without notice upon the occurrence and during the continuation of an Event of Default.

4.7 Effect of Termination . Without limiting the payment obligations due with respect to Loan, on the date of termination of this Agreement, all Obligations shall immediately become due and payable without notice, presentment or demand. No termination of this Agreement, however, shall relieve or discharge Borrower of its duties, Obligations, or covenants hereunder, and the Security Interest in the Collateral shall remain in effect until all Obligations have been indefeasibly paid in full and Lender's obligations to provide additional credit hereunder have been terminated. When this Agreement has been terminated and all of the Obligations have been indefeasibly paid in full and Lender's obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Lender will, at Borrower's sole expense, execute and deliver any Uniform Commercial Code termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Security Interest and all notices of security interests and liens previously filed by Lender with respect to the Obligations.

5. GRANT/AFFIRMATION OF SECURITY INTEREST .

5.1 Grant of Security Interest .

(a) Borrower (including, solely by way of illustration and not of limitation, each of BDIC and BDIM), hereby grants a Security Interest in the Collateral in favor of Lender in the amount of the Obligations hereunder to secure the payment and performance of Borrower under the Loan Documents, including, further, without limitation, the first priority perfected security interest in the Collateral in favor of Lender.

(b) Without limiting the generality of the foregoing, Borrower hereby expressly grants and affirms to Lender, for the benefit of Lender, a continuing first priority perfected security interest in all of its right, title, and interest in all currently existing and hereafter acquired (including, without limitation, assets which are provided to Borrower on consignment or in any other manner) or arising Collateral in order to secure prompt repayment of any and all of the Obligations in accordance with the terms and conditions of the Loan Documents and in order to secure prompt performance by Borrower of each of its covenants and duties under the Loan Documents. The Security Interest in and to the Collateral shall attach to all Collateral without further act on the part of Lender or Borrower. Anything contained in this Agreement or any other Loan Document to the contrary notwithstanding, except for Permitted Dispositions, Borrower has no authority, express or implied, to dispose of any item or portion of the Collateral. The Security Interest shall create a continuing security interest in the Collateral which shall remain in effect until the indefeasible payment in cash and performance in full of the Obligations.

(c) **Control Agreement** . Without limiting the generality of the foregoing, Borrower acknowledges and agrees that until the Obligations have been indefeasibly paid in full and Borrower has otherwise performed all of the Obligations, Borrower shall direct that all proceeds of whatsoever nature, whether generated from the Business, from the issuance of debt or equity securities or otherwise, shall be deposited into the Designated Account and that the Designated Bank, Borrower and Lender enter into a the Control Agreement, pursuant to which, among other things:

(i) Upon written notice from Lender to Designated Bank of an occurrence of an Event of Default, Borrower shall not be permitted to withdraw or transfer any funds from said Designated Account without Lender's prior written consent;

(ii) Upon a further written instruction not less than three (3) Business Days from the written notice as set forth in Section 5.1(c)(i) above from Lender to Designated Bank that said Default has not been cured, Designated Bank shall permit Lender (and only Lender) to direct payment of all funds from time to time in the Designated Account to such account or accounts as Lender may designate in its sole and absolute discretion until the Obligations have been indefeasibly paid in full; and

(iii) Such other terms and conditions as are reasonable and appropriate to grant to Lender a first priority perfected security interest in the Collateral, including, without limitation, the proceeds generated therefrom.

(d) **Negotiable Collateral** . In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, and if and to the extent that Lender determines that perfection or priority of Lender's Security Interest is dependent on or enhanced by possession, Borrower, immediately upon the request of Lender, shall endorse and deliver physical possession of such Negotiable Collateral to Lender.

5.2 Collection of Accounts, General Intangibles, and Negotiable Collateral . At any time after the occurrence and during the continuation of an Event of Default, Lender or Lender's designee may (a) notify Account Debtors of Borrower that Borrower's Accounts, chattel paper, or General Intangibles have been assigned to Lender or that Lender has a security interest therein, or (b) collect Borrower's Accounts, chattel paper, or General Intangibles directly and charge the collection costs and expenses to the Loan Account.

5.3 Filing of Financing Statements; Commercial Tort Claims; Delivery of Additional Documentation Required .

At any time Lender has a the Security Interest in the Collateral, as forth herein:

(a) Borrower authorizes Lender to file any financing statement or amendment thereto necessary or desirable to effectuate the transactions contemplated by the Loan Documents, and any continuation statement or amendment with respect thereto, in any appropriate filing office where permitted by Applicable Laws. Borrower hereby ratifies the filing of any financing statement or amendment to financing statement filed prior to the date hereof.

(b) If Borrower acquires any commercial tort claims after the date hereof, Borrower shall promptly (but in any event within 3 Business Days after such acquisition) deliver to Lender a written description of such commercial tort claim and, upon the request of Lender, shall deliver a written agreement, in form and substance reasonably satisfactory to Lender, pursuant to which Borrower shall pledge and collaterally assign all of its right, title and interest in and to such commercial tort claim to Lender, as security for the Obligations (a " Commercial Tort Claim Assignment ").

(c) At any time upon the request of Lender, Borrower shall execute or deliver to Lender, any and all financing statements, original financing statements in lieu of continuation statements, fixture filings, security agreements, pledges, assignments, Commercial Tort Claim Assignments, endorsements of certificates of title, and all other documents (collectively, the "Additional Documents") that Lender may request in its reasonable business judgment, in form and substance reasonably satisfactory to Lender, to create, perfect, and continue perfected or to better perfect the Security Interest (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal). To the maximum extent permitted by Applicable Laws, Borrower authorizes Lender to execute any such Additional Documents in Borrower's name and authorizes Lender to file such executed Additional Documents in any appropriate filing office.

5.4 Right to Inspect . Lender (through any of its officers, employees, or agents) shall have the right, from time to time hereafter upon reasonable advance written request to Borrower, to inspect at such reasonable times the Books and make copies or abstracts thereof and to check, test, and appraise the Collateral, or any portion thereof, in order to verify Borrower's financial condition or the amount, quality, value, condition of, or any other matter relating to, the Collateral and/or Borrower's compliance with the terms and conditions hereof. This Section 5.4 shall survive the expiration of the Term hereof and the indefeasible payment in full of the Phase 1 Loan and Phase 2 Loan, respectively, and shall continue until the expiration of the payment of the royalties as set forth herein.

5.5 Credit Balances; Additional Collateral .

(a) The rights and security interests granted to the Lender shall continue in full force and effect, notwithstanding the termination of this Agreement or the fact that the Designated Account may from time to time be temporarily in a credit position, until the termination of this Agreement and the full and indefeasible final payment and satisfaction of the Obligations. Upon an Event of Default and during the continuation thereof, any reserves or balances to the credit of the Borrower (in the Designated Account or otherwise), and any other property or assets of the Borrower in the possession of the Lender may be held by the Lender or such Lender as other Collateral, and applied in whole or partial satisfaction of such Obligations when due, subject to the terms of this Agreement.

(b) Notwithstanding the Lender's Security Interest in the Collateral, to the extent that the Obligations are now or hereafter secured by any assets or property other than the Collateral, or by the guaranty, endorsement, assets or property of any other person, the Lender shall have the right in its sole discretion to determine which rights, security, Liens, security interests or remedies the Lender shall at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to, without in any way modifying or affecting any of such rights, security, liens, security interests or remedies, or any of the Lender's rights under this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER .

In order to induce Lender to enter into this Agreement, Borrower makes the following representations and warranties to Lender which shall be true, correct, and complete, in all material respects, as of the date hereof, except as may be qualified by the schedules and exhibits attached hereto and such representations and warranties shall survive the execution and delivery of this Agreement:

6.1 Good Title; No Encumbrances . Borrower has good and indefeasible title to, and good and marketable title to, its personal property assets, including, without limitation, the Collateral, in each case, free and clear of Liens except for Permitted Liens.

6.2 Location of Tangible Collateral . Except as disclosed on Schedule 6.2 , the tangible personal property comprising the Collateral, including, without limitation, Inventory and Equipment of Borrower, are not stored with a bailee, warehouseman, or similar party and, except as otherwise in the ordinary course of business of Borrower, are located only at, or in-transit between, the locations identified on Schedule 6.2 (as such Schedule may be updated from time to time as set forth herein)

6.3 Due Organization and Qualification; No Subsidiaries . BDIC is duly organized and validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in California and in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change. BDIC has one subsidiary, namely, BDIM. BDIM is duly organized and validly existing and in good standing under the laws of the State of Arizona and is qualified to do business in California and in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change.

6.4 Capitalization; Agreements Among Shareholders .

(a) Im mediately prior to the Effective Date, the authorized capital stock of BDIC consists of (i) Common Stock, $0.001 par value, 100,000,000 authorized shares of Common Stock, of which there are 16,260,500 presently issued and outstanding, and total potential shares of Common Stock (upon exercise of warrants and conversion of convertible notes) of 16,388,604, representing the outstanding equity of BDIC on a "fully diluted basis", and (ii) Preferred Stock, $0.001 par value, 20,000,000 shares authorized, none outstanding. All of the presently issued and outstanding shares of Common Stock have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to any Liens. Sufficient shares of Common Stock have been reserved for all potentially issued shares of Common Stock, on a fully-diluted basis, plus shares of Common Stock to be issued (i) to Lender pursuant to the terms and conditions of the Loan Documents, and (2) to Gnosiis International, LLC (" Gnosiis "). Except for shares of Common Stock reserved for issuance upon conversion of the promissory notes set forth in Schedule 6.4 attached hereto or exercise of the warrants as set forth on Schedule 6.4 attached hereto, Borrower has no other agreement or understanding to issue any Common Stock, preferred stock, options, stock purchase warrants, convertible securities or any other securities (collectively, "Equity Securities"). The Company is under no obligation (contingent or otherwise) to purchase or otherwise acquire or retire any of its securities.

(b) The grant of Issued Shares of Common Stock as contemplated herein and in the other Loan Documents, when issued, will be duly authorized, validly issued, fully paid and non-assessable.

(c) Borrower knows of no voting trust, shareholder agreement or other agreement or arrangement among any of the legal or beneficial holders of its capital stock (including, without limitation, the Equity Securities) affecting the exercise of voting rights of such stock or affecting other rights or remedies relating to the ownership and control of such capital stock.

6.5 Due Authorization; No Conflict .

(a) The execution, delivery, and performance by Borrower of this Agreement has been duly authorized by all necessary action on the part of such Borrower.

(b) The execution, delivery, and performance by Borrower of this Agreement does not and will not (i) violate any provision of federal, state, or local law or regulation applicable to Borrower, the Governing Documents of Borrower, or any order, judgment, or decree of any court or other Governmental Authority binding on Borrower, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contract of Borrower, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of Borrower, other than Permitted Liens, or (iv) require any approval of Borrower's interest holders or any approval or consent of any Person under any material contract of Borrower, other than consents or approvals that have been obtained and that are still in force and effect.

(c) The execution, delivery, and performance by Borrower of this Agreement does not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than consents or approvals that have been obtained and that are still in force and effect, or are related to compliance with Applicable Laws relating to the issuance of the Issued Shares as contemplated herein or with respect to other securities law requirements of BDIC.

(d) This Agreement, the other Loan Documents, and all other documents, instruments, certificates and agreements contemplated hereby and thereby, when executed and delivered by Borrower will be the legally valid and binding obligations of Borrower, enforceable against Borrower in accordance with its and their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws from time to time in effect relating to or limiting creditors' rights generally.

(e) The Security Interest is validly created, perfected, and first priority Liens, subject only to Permitted Liens.

6.6 No Material Adverse Change . There has not been a Material Adverse Change with respect to Borrower since the Effective Date.

6.7 Devices.

(a) The base units and other parts to be acquired from Supplier in connection with the Phase 1 Loan and the Phase 2 Loan, respectively, represent substantially all of the tangible assets required for manufacture of the 600 Devices and 1000 Devices, respectively. Furthermore, the Phase 1 Maximum Amount, and the associated limit of $375 cost/Device for the 600 Devices to be manufactured pursuant to the Phase 1 Loan, and the Phase 2 Maximum Amount, and the associated limit of $350 cost/Device for the 1000 Devices to be manufactured pursuant to the Phase 2 Loan, respectively, represent substantially all of the costs required to manufacture said Devices.

(b) Upon the funding of the Advance of the Phase 1 Maximum Amount as provided herein, and subsequent delivery of said Advance to Supplier as contemplated herein, Borrower will have sole ownership of and hold all right, title and interest in and to all of the tangible and intangible rights required to properly manufacture 600 Devices manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens.

(c) Upon the funding of the Advance of the Phase 2 Maximum Amount as provided herein, and subsequent delivery of said Advance to Supplier as contemplated herein, Borrower will have sole ownership of and hold all right, title and interest in and to the additional 1000 Devices manufactured by Borrower from the base units and other parts purchased by Borrower from Supplier, free and clear of any Lien other than the Permitted Liens.

(d) Borrower has all requisite knowledge and know-how, and upon delivery of the base units and other parts purchased from Supplier as contemplated herein, will have all tangible and intangible rights to manufacture the Devices to meet the statutory approval requirements as required for BAID's as of the date hereof and as of the date delivered for use without any further third party rights, assistance or consent.

6.8 Complete Disclosure. All factual information (taken as a whole) furnished by or on behalf of Borrower to Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrower to Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided.

7. REPRESENTATIONS AND WARRANTIES OF LENDER .

In order to induce Borrower to enter into this Agreement, Lender makes the following representations and warranties to Borrower which shall be true, correct, and complete, in all material respects, as of the date hereof, except as may be qualified by the schedules and exhibits attached hereto and such representations and warranties shall survive the execution and delivery of this Agreement:

7.1 Due Organization and Qualification. Lender is duly organized and validly existing and in good standing under the laws of the State of Nevada.

7.2 Due Authorization; No Conflict.

(a) The execution, delivery, and performance by Lender of this Agreement has been duly authorized by all necessary action on the part of such Lender.

(b) The execution, delivery, and performance by Lender of this Agreement does not and will not (i) violate any provision of federal, state, or local law or regulation applicable to Lender, the Governing Documents of Lender, or any order, judgment, or decree of any court or other Governmental Authority binding on Lender, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contract of Lender, or (iii) require any approval of Lender's interest holders or any approval or consent of any Person under any material contract of Lender, other than consents or approvals that have been obtained and that are still in force and effect or are related to compliance with Applicable Laws relating to the issuance of the Issued Shares as contemplated herein.

(c) This Agreement, the other Loan Documents, and all other documents, instruments, certificates and agreements contemplated hereby and thereby, when executed and delivered by Lender will be the legally valid and binding obligations of Lender, enforceable against Lender in accordance with its and their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws from time to time in effect relating to or limiting creditors' rights generally.

7.3 Borrower Is A Public Company. Lender acknowledges that Borrower is a public company, with its Common Stock quoted for trading on the OTCQB-tier of OTC Markets (Pink Sheets), and as a result thereof, there are certain prohibitions that may arise under Applicable Laws relating to the use of material and non-public information of Borrower.

8. AFFIRMATIVE COVENANTS .

Borrower covenants and agrees that, from and after the Effective Date and, as applicable, until payment in full of the Obligations, Borrower shall do all of the following:

8.1 Accounting System; Books and Records . Maintain a system of accounting that enables Borrower to produce financial statements in accordance with GAAP, if requested by Lender, and maintain records pertaining to the Collateral that contain information as from time to time reasonably may be requested by Lender. Borrower's failure to maintain its Books in the manner provided herein or to deliver to Lender any of the foregoing information shall in no way affect, diminish, modify or otherwise limit the Security Interest granted to Lender in the Collateral.

8.2 Financial Statement/Collateral Reporting . Provide Lender with such financial statements, tax returns and/or reports as to the Collateral or the financial condition of Borrower as Lender may reasonably request from time to time, including, without limitation, as may be reasonably requested, both public and private information concerning Borrower, its business, ownership and operations. Borrower may deliver to Lender any borrowing base certificate, collateral report or other material that the Borrower is required to deliver to Lender under clauses (a) and (b) by e-mail or other electronic transmission (an " Electronic Transmission "), subject to the following terms:

(a) Each Electronic Transmission must be sent by the treasurer or chief financial officer of the Borrower (or any other authorized officer satisfactory to Lender), and must be addressed to a designated authorized officer of Lender (as may be provided from time to time by Lender in writing). If any Electronic Transmission is returned to the sender as undeliverable, the material included in such Electronic Transmission must be delivered to the intended recipient in the manner required herein.

(b) Each certificate, collateral report or other material contained in an Electronic Transmission must be in a "pdf" or other imaging format and, to the extent that such material must be certified by an officer of the Borrower under this Section 8.2 , must contain the signature of the officer submitting the Electronic Transmission attesting to the trust, accuracy and completeness of said materials and information. Any signature on a certificate, collateral report or other material contained in an Electronic Transmission shall constitute a valid signature for purposes hereof. Lender may rely upon, and assume the authenticity of, any such signature, and any material containing such signature shall constitute an "authenticated" record for purposes of the UCC and shall satisfy the requirements of any applicable statute of frauds.

8.3 Audit and Inspection Rights . At any time and from time to time, upon written notice from Lender to Borrower, Borrower shall provide Lender and its authorized representatives with reasonable access and the opportunity to audit, inspect, review and copy Borrower's Books to ascertain compliance with the terms hereof.

8.4 Observer's Rights . At any time and from time to time, upon written notice from Lender to Borrower, Borrower shall provide Lender and its authorized representatives with "observers rights" with respect to Borrower's board of directors (including, without limitation, committees thereof) and shareholders, which rights shall include, by way of illustration and not of limitation, not less than five (5) Business Days prior written notice of any board (including, without limitation, committee) or shareholder meeting, and the right to attend and listen to said meeting, as well as access to and delivery of any and all communications, materials and information prepared and/or provided from time to time in connection therewith to the participants thereof.

8.5 Use of Proceeds. The proceeds of the Loan Advances shall be used solely for the purchase of Devices pursuant to the terms and conditions hereof (as such relate to the Phase 1 Loan and the Phase 2 Loan, in particular).

8.6 Maintenance of Properties. Maintain and preserve all of its properties which are necessary or useful in the proper conduct to its business in reasonably good working order and condition, ordinary wear and tear excepted, and comply in all material respects and at all times with the provisions of all leases to which it is a party as lessee so as to prevent any material loss or forfeiture thereof or thereunder.

8.7 Taxes. Cause all assessments and taxes, whether real, personal, or otherwise, due or payable by, or imposed, levied, or assessed against Borrower or any of its assets to be indefeasibly paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest.

8.8 Insurance. At Borrower's expense, maintain such insurance coverages, with such carriers and on such terms, including, without limitation, insurance respecting its assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses and/or as Lender may reasonably request from time to time. Borrower shall deliver copies of all such policies to Lender with a satisfactory lender's loss payable endorsement naming Lender as sole loss payee or additional insured, as appropriate. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days prior written notice to Lender in the event of cancellation of the policy for any reason whatsoever. Borrower shall forward any notice of cancellation to Lender within 2 Business Days of receipt. Borrower shall give Lender prompt notice of any loss covered by such insurance.

8.9 Compliance with Laws. Comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, including, without limitation, the Securities Act of 1933, the Securities and Exchange Act of 1934 (" Applicable Laws ").

8.10 Leases. Pay when due all rents and other amounts payable under any leases to which Borrower is a party or by Borrower's properties and assets are bound, unless such payments are the subject of a Permitted Protest.

8.11 Existence; Business Continuation. At all times preserve and keep in full force and effect its valid existence and good standing and any rights and franchises material to their businesses. Further, Borrower will continue to operate the Business as presently being conducted in the normal course of business.

8.12 Designated Chief Financial Officer. BDIC and Abraham Summers (" Summers ") have agreed that Summers will be BDIC's chief financial officer as soon as practicably possible after the Effective Date, and will use commercially reasonable good faith efforts to enter into a formal written employment agreement on such terms and conditions as mutually acceptable to BDIC and Summers (the " Summers Employment Agreement "), provided Summers desires to be BDIC's chief financial officer as of such occurrence.

8.13 MOU. Comply with the terms and conditions of that certain Memorandum of Understanding dated as of August 10, 2015 between BDIC and Gnosiis (the " MOU "), including, without limitation, issuing such Shares of Common Stock to Gnosiis following the Effective Date as contemplated in the MOU, on such terms and conditions as reasonably acceptable to each of the parties thereto and consistent with the terms and conditions of the MOU.

8.14 Payment of Supplier . Apply Advances (a) in connection with the Phase 1 Loan to pay Supplier in full and acquire the necessary base units and substantially all of the other parts required to manufacture 600 Devices in an amount not to exceed the Phase 1 Maximum Amount, subject to certain de minimis additional costs and expenses, and (b) in connection with the Phase 2 Loan to pay Supplier in full and acquire the necessary base units and substantially all of the other parts required to manufacture 1000 Devices in an amount not to exceed the Phase 2 Maximum Amount, subject to certain de minimis additional costs and expenses.

8.15 Manufacture of Devices . Manufacture the 600 Devices (in connection with the Phase 1 Loan) and 1000 Devices (in connection with the Phase 2 Loan), respectively, to meet the statutory approval requirements as required for BAID's as of the date hereof and as of the date delivered for use without any further third party rights, assistance or consent at a total (fully loaded) cost of $375/Device (for the Devices manufactured in connection with the Phase 1 Loan), subject to certain de minimis additional costs and expenses, and $350/Device (for the Devices manufactured in connection with the Phase 2 Loan), subject to certain de minimis additional costs and expenses, respectively.

8.16 Further Assurances . At any time or from time to time upon the request of Lender, at the expense of Borrower, Borrower shall promptly execute, acknowledge and deliver such additional instruments, certificates or documents, and do all such other acts and things as Lender may reasonably request for purposes of implementing or effectuating the provisions of this Agreement and the other Loan Documents, of providing for payment of the Obligations in accordance with the terms of this Agreement and the other Loan Documents, or of more fully perfecting or renewing the rights of Lender with respect to the Collateral (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other property or assets hereafter acquired by Borrower which may be deemed to be part of the Collateral) pursuant hereto or thereto. Upon the exercise by Lender of any power, right, privilege or remedy pursuant to this Agreement or the other Loan Documents which requires any consent, approval, recording, qualification or authorization of any Governmental Authority, Borrower shall execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that Lender may be required to obtain from Borrower for such governmental consent, approval, recording, qualification or authorization (to the extent Borrower is permitted by applicable law to do so). Borrower shall fully preserve or cause to be fully preserved the Security Interest granted hereunder in accordance with the terms hereof. Borrower agrees that all costs and expenses reasonably expended or otherwise incurred pursuant to this Section 8.13 (including reasonable attorneys' fees and disbursements) by Lender shall constitute Obligations and shall be paid by Borrower in accordance with the terms hereof.

8.17 Disclosure Updates . Promptly notify Lender if any written information, exhibit, schedule, or report furnished to Lender contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made. The foregoing to the contrary notwithstanding, any notification pursuant to the foregoing provision will not cure or remedy the effect of the prior untrue statement of a material fact or omission of any material fact nor shall any such notification have the effect of amending or modifying this Agreement or any of the Schedules hereto.

9. NEGATIVE COVENANTS .

Borrower covenants and agrees that, until payment in full of the Obligations, it will not do any of the following:

9.1 Liens . Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens (including Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is refinanced, renewed, or extended) and so long as the replacement Liens only encumber those assets that secured the refinanced, renewed, or extended indebtedness, and such Liens and/or replacement Liens are subordinate to the Secured Interest).

9.2 Restrictions on Certain Issuances and Fundamental Changes .

(a) Issue any preferred stock or any other equity instruments (other than the Equity Securities as set forth above).

(b) Enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its ownership equity.

(c) Form a parent entity or any new subsidiary, and/or assign, convey, transfer or dispose in any manner any asset or right of Borrower to said parent, Affiliate or subsidiary other than transfers between BDIC and BDIM as presently conducted.

(d) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

(e) Convey, sell, lease, license, assign, transfer, or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its assets or all or any substantial part of its equity, except in the ordinary course of business.

9.3 Disposal of Assets . Other than Permitted Dispositions or leases of the Devices in the ordinary course of business to Clients, convey, sell, lease, license, assign, transfer, or otherwise dispose of any of Borrower's assets to any Person.

9.4 Change Name . Change its name, FEIN, organizational identification number, state of organization or organizational identity; provided, however , that Borrower may change its name upon at least 30 days prior written notice to Lender of such change and so long as, at the time of such written notification, Borrower provides any financing statements necessary to perfect and continue perfected the Security Interest.

9.5 Suspension . Suspend or go out of a substantial portion of its business.

10. EVENTS OF DEFAULT .

Any one or more of the following events shall constitute an event of default (each, an " Event of Default ") under this Agreement:

10.1 If Borrower fails to pay when due and payable, or when declared due and payable, all or any portion of the Obligations;

10.2 If Borrower fails to perform, keep or observe any term, provision, condition, covenant or agreement contained herein or in any of the other Loan Documents:

10.3 If any or all items of the Collateral is attached, seized, subjected to a writ or distress warrant, levied upon, or comes into the possession of any third Person (except in the Borrower's ordinary course of business), and such seizure, attachment, levy or possession is not successfully contested and resolved within thirty (30) days from the date of notice or knowledge of such event;

10.4 If an Insolvency Proceeding is commenced by Borrower;

10.5 If an Insolvency Proceeding is commenced against Borrower, and any of the following events occur: (a) Borrower consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted; provided, however, that, during the pendency of such period, Lender shall be relieved of its obligations to extend credit hereunder, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof; provided , however , that, during the pendency of such period, Lender shall be relieved of its obligations to extend credit hereunder, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of Borrower, or (e) an order for relief shall have been entered therein;

10.6 If Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs;

10.7 If a notice of Lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, or if any taxes or debts owing at any time hereafter to any one or more of such entities becomes a Lien, whether choate or otherwise, Borrower does not make a Permitted Protest within the applicable period for contesting such action, and the same is not paid before such payment is delinquent;

10.8 If a judgment or other claim becomes a Lien or encumbrance upon any material portion of Borrower's assets of book value in excess of $10,000 unless the same is dismissed or bonded against within 10 days;

10.9 If Borrower makes any payment on account of indebtedness that has been subordinated in right of payment to the payment of the Obligations, except to the extent Borrower is paying the Obligations as they become due or such payment is permitted by the terms hereof and/or by the terms of the subordination provisions, if any, applicable to such Indebtedness;

10.10 If any material misstatement or misrepresentation exists now or hereafter in any warranty, representation, statement, or Record made to Lender by Borrower, or any officer, employee, agent, or director of Borrower;

10.11 If this Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien on or security interest in the Collateral covered hereby or thereby;

10.12 If Summers (a) is terminated as BDIC's chief financial officer, unless such termination is a "for cause" termination as defined under the Summers Employment Agreement then in effect, or is due to Summers' voluntary resignation, and/or (b) is no longer on BDIC's Board of Directors after being appointed to BDIC's Board of Directors, unless Summers resigns voluntarily from BDIC's Board of Directors or is removed for a "for cause" violation of the Summers Employment Agreement then in effect.

10.13 Upon the occurrence of an Event of Default as defined under the Royalty Agreement prior to the indefeasible payment in full of the Obligations due hereunder, after notice and cure rights as set forth in the Royalty Agreement; or

10.14 There shall occur a Material Adverse Change.

11. LENDER'S RIGHTS AND REMEDIES .

11.1 Rights and Remedies . Upon the occurrence, and during the continuation, of an Event of Default, Lender may, in its sole and absolute discretion, elect to do one or more of the following , all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable;

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement, under any of the Loan Documents, or under any other agreement between Borrower and Lender;

(c) Provide Designated Bank with the written notice as set forth in Section 5.1(a)(c)(i) (to prevent Borrower from withdrawing any funds from the Designated Account) and/or the written notice as set forth in Section 5.1(a)(c)(ii) , as appropriate;

(d) Terminate this Agreement and any of the other Loan Documents (including, without limitation, the Control Agreement) as to any future liability or obligation of Lender, but without affecting any of the Security Interest in the Collateral and without affecting the Obligations;

(e) Settle or adjust disputes and claims directly with Borrower's Account Debtors for amounts and upon terms which Lender considers advisable, and in such cases, Lender will credit Borrower's Loan Account with only the net amounts received by Lender in payment of such disputed Accounts after deducting all Lender costs and expenses incurred or expended in connection therewith;

(f) Without notice to or demand upon Borrower, make such payments and do such acts as Lender considers necessary or reasonable to protect its security interests in the Collateral. Borrower agrees to assemble the Collateral if Lender so requires, and to make the Collateral available to Lender at a place that Lender may designate which is reasonably convenient to both parties. Borrower authorizes Lender to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien that in Lender's determination appears to conflict with the Security Interest in and to the Collateral and to pay all expenses incurred in connection therewith, all of which such costs and expenses shall be added to the Obligations. With respect to any of Borrower's owned or leased premises, Borrower hereby grants Lender a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Lender's rights or remedies provided herein, at law, in equity, or otherwise;

(g) Without notice to Borrower (such notice being expressly waived), and without constituting an acceptance of any collateral in full or partial satisfaction of an obligation (within the meaning of the UCC), set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Lender, or (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Lender;

(h) Hold, as cash collateral, any and all balances and deposits of Borrower held by Lender, and any amounts received by or on behalf of Lender, to secure the full and final repayment of all of the Obligations;

(i) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Borrower hereby grants to Lender a license or other right to use, without charge, Borrower's labels, patents, copyrights, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Borrower Collateral and Borrower's rights under all licenses and all franchise agreements shall inure to Lender's benefit;

(j) Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Lender determines is commercially reasonable. It is not necessary that the Collateral be present at any such sale.

(k) Lender may seek the appointment of a receiver or keeper to take possession of all or any portion of the Collateral or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing; and

(l) Lender shall have all other rights and remedies available at law or in equity or pursuant to any other Loan Document.

11.2 Remedies Cumulative . The rights and remedies of Lender under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. Lender shall have all other rights and remedies not inconsistent herewith as provided under the UCC, by law, or in equity. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Event of Default shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it.

12. WAIVERS. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by Lender on which Borrower may in any way be liable.

13. NOTICES .

Unless otherwise provided in this Agreement, all notices or demands by Borrower or Lender to the other relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as Borrower or Lender, as applicable, may designate to each other in accordance herewith), or facsimile to Borrower or Lender, as the case may be, at its address set forth below:

If to Borrower:	**Blow & Drive Interlock Corporation** **BDI Manufacturing, Inc.** 1080 La Cienega Boulevard, Suite 304 Los Angeles, California 90035 Attention: Laurence Wainer Fax No. (___) _____ Email: _____
With copies to: (which shall not constitute notice hereunder)	**Law Offices of Craig V. Butler, Esq.** 300 Spectrum Center Drive, Suite 300 Irvine, California 92618 Attention: Craig V. Butler, Esq. Fax No. (949) 484-5667 cbutler@craigbutlerlaw.com
If to Lender:	**THE DOHENY GROUP, LLC** 1702 S. Robertson Boulevard #111 Los Angeles, California 90035 Attention: David Haridim, Managing Member Email: dharidim@yahoo.com
With copies to: (which shall not constitute notice hereunder)	**SULMEYERKUPETZ** , a Professional Corporation 333 South Hope Street, 35 th Floor Los Angeles, California 90071 Attention: Jeffrey M. Pomerance, Esq. Fax No. (213) 629-4520 jpomerance@sulmeyerlaw.com

Lender and Borrower may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this section shall be deemed received as follows: (1) immediately if by facsimile or email or personal delivery (provided, however, that if such transmission is made either on a non-Business Day or a Business Day after 5:00 p.m., California time, then receipt shall be deemed on the next Business Day), (2) one Business Day if sent by Federal Express or overnight mail, (3) three (3) Business Days if sent by certified mail, proper postage.

14. CHOICE OF LAW; JURY TRIAL WAIVER.

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.**

(b) **BORROWER AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWER AND LENDER REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

15. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS . This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however , that Borrower may not assign this Agreement or any rights or duties hereunder without Lender's prior written consent.

16. AMENDMENTS; WAIVERS .

16.1 Amendments . No amendment or modification of any provision of this Agreement or any other Loan Document shall be effective unless the same shall be in writing and signed by the Lender and Borrower in their sole and absolute discretion, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

16.2 No Waivers; Cumulative Remedies . No failure by either party to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by either party in exercising the same, will operate as a waiver thereof. No waiver by either party will be effective unless it is in writing signed by such party, and then only to the extent specifically stated. No waiver by a party on any occasion shall affect or diminish that party's rights thereafter to require strict performance by the other party of any provision of this Agreement. Each party's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that that party may have.

17. GENERAL PROVISIONS .

17.1 Effectiveness . This Agreement shall be binding and deemed effective upon the satisfaction of the conditions set forth in Section 4.1 above.

17.2 Section Headings . Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 Interpretation . Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against Lender or Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 Severability of Provisions . Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 Survival of Representations and Warranties . All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loan and other extensions of credit hereunder.

17.6 Payment of Expenses; Indemnification . Each of the parties hereto shall pay its own costs and expenses in connection with the negotiation, drafting and execution and delivery of this Agreement and the other Loan Documents; provided, however, that (a) Borrower agrees upon receipt of written notice to pay or reimburse the Lender for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel to the Lender, and/or (b) Borrower agrees to pay, indemnify, and hold Lender, its Affiliates and each of Lender's and its Affiliate's officers, directors, managers, members, employees, affiliates, agents and controlling persons (each, an " Indemnitee ") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents (regardless of whether any Indemnitee is a party hereto and regardless of whether any such matter is initiated by a third party, Lender, Borrower or any other Person) (the " Indemnified Liabilities "), provided , however , that Borrower shall not have any obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 17.6 shall be payable not later than ten (10) Business Days after written demand therefore. The agreements in this Section 17.6 shall survive repayment of the Loan and all other amounts payable hereunder.

17.7 Payments Set Aside . To the extent that any payment by or on behalf of Borrower is made to Lender, or Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Insolvency Proceeding or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, including, without limitation, the Security Interest as set forth herein.

17.8 Counterparts; Telefacsimile Execution . This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutan dis* .

17.9 Acknowledgements Borrower hereby acknowledges that:

(a) it ha s been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) Lender does not have a fiduciary relationship with or duty to Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Lender, on one hand, and Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, subject to the terms and conditions hereof; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among Lender and Borrower.

17.11 Integration . This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[Signature pages to follow.]

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

BORROWER
BLOW & DRIVE INTERLOCK CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

BDI MANUFACTURING, INC ., an Arizona corporation

By: _____
Name: _____
Title: _____

LENDER
THE DOHENY GROUP, LLC , a Nevada limited liability company

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO LOAN AND SECURITY AGREEMENT]

EXHIBIT A
Copy of Letter of Intent

(see attached)

EXHIBIT B
Form of Phase 1 Promissory Note

(see attached)

EXHIBIT C
Form of Phase 2 Promissory Note

(see attached)

EXHIBIT D
Form of Issuance Documents

(see attached)

EXHIBIT E
Form of Royalty Agreement

(see attached)

BLOW & DRIVE INTERLOCK CORPORATION
PHASE 1 SECURED PROMISSORY NOTE

September 30, 2016 Up To **$192,000**

BLOW & DRIVE INTERLOCK CORPORATION, a Delaware corporation (" **BDIC** ") and **BDI MANUFACTURING, INC.** , an Arizona corporation (" **BDIM** ") (individually and collectively referred to herein as " **Borrower** "), hereby jointly and severally promise to pay to the order of **THE DOHENY GROUP, LLC,** a Nevada limited liability company or its designee (" **Holder** " or " **Lender** ") the principal amount of up to **ONE HUNDRED NINETY-TWO THOUSAND AND 00/100 U.S. Dollars ($192,000.00),** (the **"Principal Amount"**), pursuant to the terms and conditions hereof, together with interest thereon accruing on the outstanding principal balance hereof at a rate per annum equal to twenty-five percent (25%) (the " **Interest Rate** ").

1. Loan and Security Agreement . This Note is provided by Borrower to Holder pursuant to that certain Loan and Security Agreement between Borrower and Holder dated as of September 30, 2016 (the " **Loan Agreement** ") with respect to the Phase 1 Loan (as defined in the Loan Agreement), and is subject to the terms and conditions thereof. Unless otherwise defined, all capitalized terms shall have the meanings ascribed to them in the Loan Agreement.

2. Purpose of Phase 1 Loan . Pursuant to the Loan Agreement, the proceeds of the Advances pursuant to this Note shall be used by Borrower for the sole and limited purpose of purchasing the base units and other parts required for Borrower to manufacture 600 Devices, free and clear of any Liens (except Permitted Liens).

3. Request For Advances; Funding Of Phase 1 Loan. All requests for Advances by Borrower under this Note shall be made pursuant to the terms and conditions of the Loan Agreement. All Advances to be made under this Phase 1 Note shall be paid to the Designated Account pursuant to the terms of the Loan Agreement.

4. Interest . Interest shall accrue at the rate of the Interest Rate on the unpaid Principal amount of this Note outstanding from time to time from and after the date hereof, or (if less) at the highest rate then permitted under applicable law (" **Interest** ") until the Principal is indefeasibly paid in full.

5. Payments .

(a) Unless sooner due pursuant to the terms and conditions hereof, all accrued interest shall be payable in monthly installments on the 1st day of each calendar month commencing November 1, 2016 and each calendar month thereafter until the Phase 1 Maturity Date.

(b) Unless sooner due pursuant to the terms and conditions hereof, all Principal, Interest and costs and expenses due hereunder shall be immediately due and payable to Holder in full on the earlier of an occurrence of a Default, or September 30, 2019 (the " **Phase 1 Maturity Date** "), without any requirement of demand, notice or presentment.

(c) Borrower may prepay all or any portion of the outstanding Principal and/or Interest of the Note prior to the date then due, without prior written consent of Holder and without cost or expense.

(d) All payments by Borrower hereunder shall be made in the lawful money of the United States of America in immediately available funds on the date specified herein.

(e) All payments due hereunder shall be delivered to Holder as follows:

(i) **If via wire transfer** : pursuant to wire instructions provided from time to time by Holder for deposit into an account designated from time to time by Holder for Holder's benefit; provide, however, that (i) such funds are received no later than 11:00 a.m. (Los Angeles time) on the date specified herein, and (ii) any payment received by Holder later than 11:00 a.m. (Los Angeles time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) **If via check** : to the following address: **THE DOHENY GROUP, LLC,** _____, Los Angeles, CA 9____, Attention: David Haridim, Managing Member, or to such other address or to the attention of such other person as specified by prior written notice to Borrower; provided, however, that any payment received by Holder later than such date specified herein shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

6. No Advances . Pursuant to the Loan Agreement, Holder shall have no obligation to advance any loans or additional monies, make any additional loans or otherwise extend any additional credit except as expressly provided pursuant to the terms and conditions of the Loan Agreement. By way of illustration only, Holder shall have no obligation to make any Advance (a) in excess of the Principal Amount, (b) if the borrowing procedures are not followed as set forth in the Loan Agreement, (c) if conditions precedent to Advances as set forth in the Loan Agreement are not satisfied or waived by Holder in its sole and absolute discretion, and/or (d) from and after the occurrence of a Default.

7. Security Interest . Pursuant to the Loan Agreement, Borrower has granted to Holder the Security Interest in the Collateral. Borrower agrees to execute any and all documents necessary to grant Holder a continuing first priority perfected security interest in the Collateral.

8. Events of Default .

(a) Definition . For purposes of this Note, a Default shall have the meaning as set forth in the Loan Agreement.

(b) Consequences of Events of Default .

(i) If any Default has occurred or with the passing of time will occur, Holder shall have such rights and remedies as set forth in the Loan Agreement. By way of illustration and not of limitation, upon a Default, among other things, Holder may declare all or any portion of the outstanding principal amount of this Note (together with all accrued interest thereon and all other amounts due and payable with respect thereto) to be immediately due and payable and may demand immediate payment of all or any portion of the outstanding principal amount of this Note (together with all such other amounts then due and payable) owed by Holder. If Holder or any holders of this Note demand immediate payment of all or any portion of this Note, Borrower shall immediately pay to Holder or other such holders all amounts due and payable with respect to the Note.

(ii) Holder and any subsequent holder of this Note shall also have any other rights which such holder may have been afforded under any contract or agreement at any time and any other rights which such holder may have pursuant to applicable law. By way of illustration and not of limitation, (1) Borrower agrees to pay all costs of collection, including attorneys' fees, if any payment under this Note is not paid when due or suit is brought, and (2) any accrued interest which for any reason has not theretofore been paid shall be paid in full on the date on which the final principal payment on this Note is made.

(iii) Borrower hereby waives diligence, presentment, protest, right of offset, and demand and notice of protest and demand, dishonor and nonpayment of this Note, and expressly agrees that this Note, or any payment hereunder, may be extended from time to time by Holder in its sole and absolute discretion, and without waiving any rights to payment due hereunder, and that Holder hereof may accept additional security for this Note or release any and all security for this Note, all without in any way affecting the liability of Borrower hereunder. Borrower hereby waives the benefits of the statute of limitations to the maximum extent allowed by law.

9. Amendment and Waiver/Assignment. The provisions of this Note may be amended only if Borrower has obtained the prior written consent of Holder in its sole and absolute discretion. Holder may not assign this Note, and its rights hereunder, without the prior written consent of Borrower; provided, however, that Holder may assign this Note and its rights hereunder without Borrower's consent to a related party of Holder and/or Affiliate of Holder in connection with tax or estate planning considerations in whole or in part from time to time, upon written notice to Borrower.

10. Usury Laws. It is the intention of Borrower and Holder to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. If the maturity of this Note is accelerated by reason of an election by Holder resulting from an Event of Default, or otherwise, then earned interest may never include more than the maximum amount permitted by law, computed from the date hereof until payment, and any interest in excess of the maximum amount permitted by law shall be canceled automatically and, if theretofore paid, shall at the option of Holder either be rebated to Borrower or credited on the principal amount of this Note, or if this Note has been paid, then the excess shall be rebated to Borrower. The aggregate of all interest (whether designated as interest, service charges, points or otherwise) contracted for, chargeable, or receivable under this Note shall under no circumstances exceed the maximum legal rate upon the unpaid principal balance of this Note remaining unpaid from time to time. If such interest does exceed the maximum legal rate, it shall be deemed a mistake and such excess shall be canceled automatically and, if theretofore paid, rebated to Borrower or credited on the principal amount of this Note, or if this Note has been repaid, then such excess shall be rebated to Borrower.

11. No Waiver. No delay by Holder in exercising any power or privilege hereunder, nor any single or partial exercise of any power or privilege hereunder, shall preclude any other or further exercise thereof, the exercise of any other power or privilege hereunder.

12. Date for Payment. If any payment on this Note shall become due on a Saturday, Sunday, or legal holiday under the laws of the United States or the State of California, then payment shall be made on the next succeeding Business Day.

13. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given and received if delivered pursuant to the notice terms described in the Loan Agreement.

14. Construction. The headings in the paragraphs of this Note are for convenience only and shall not constitute a part hereof. Whenever the context so requires, the masculine shall include the feminine and the neuter, the singular shall include the plural, and conversely. The terms and all parts of this Note shall in all cases be interpreted simply and according to their plain meaning and neither for nor against any party hereto.

15. Time of the Essence. Time is hereby expressly declared to be of the essence of this Note and of every provision hereof.

16. Governing Law. This Note shall be governed by and construed, interpreted and enforced in accordance with the internal laws of the State of Nevada without giving effect to conflict of laws principals, and shall not be construed strictly against the drafter hereof.;

(Signatures on Next Page)

IN WITNESS WHEREOF , Borrower has executed and delivered this Note as of September 30, 2016.

BLOW & DRIVE INTERLOCK CORPORATION,
a Delaware corporation

By: _____
Laurence Wainer, President

BDI MANUFACTURING, INC.,
an Arizona corporation

By: _____
Laurence Wainer, President

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT (this " Agreement "), is entered into as of September 30, 2016 (the " Effective Date ") by and among **BLOW & DRIVE INTERLOCK CORPORATION** , a Delaware corporation (" BDIC "), **BDI MANUFACTURING, INC** ., an Arizona corporation (" BDIM ") (BDIC and BDIM are sometimes individually and collectively referred to herein as "BDI Group"), and **THE DOHENY GROUP, LLC** , a Nevada limited liability company (" TDG "), in light of the following:

R E C I T A L S

WHEREAS, BDIC is a publicly traded company quoted on the OTCQB-tier of OTC Markets in the business of manufacturing and leasing breath alcohol ignition interlock devices (the " Business "), including, without limitation, the BDI-747/1 breath/alcohol ignition interlock device, along with its patent pending BDI Model #1 power line filter. BDIM is BDIC's wholly-owned subsidiary that manufactures the Devices (as defined below) and provides said Devices to BDIC in connection with the Business. As of December 31, 2015, the BDI-747/1 breath/alcohol ignition interlock device was "approved" by ten states, including, without limitation, California, with applications for additional state approvals pending. In states where the Device is approved as a breath alcohol ignition interlock device (" BAID "), BDIC leases these devices to offenders depending upon the sentence received by such offender. In some states, BDIC leases, installs and supports these devices directly; in other states, BDIC sells distributorships to authorized distributors allowing the distributor to lease, install, service, remove and support said devices;

WHEREAS , pursuant to that certain Loan and Security Agreement of even date herewith entered into among the BDI Group, as borrower, and TDG, as lender, a copy of which is attached hereto as **Exhibit A** (the " Loan Agreement "), TDG agreed to loan funds and extend credit to the BDI Group to permit it to manufacture more Devices and expand the Business, subject to the terms and conditions of the Loan Agreement; and

WHEREAS , pursuant to the Loan Agreement, in consideration of TDG agreeing to extend credit to the BDI Group in connection with the Loan, among other things, each of BDIC and BDIM agrees to enter into this Agreement in favor of TDG to grant to TDG royalties associated with the Devices on the terms and subject to the conditions set forth herein.

NOW, THEREFORE , in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, BDIC and TDG hereby agree to enter into this Agreement as follows:

A G R E E M E N T

1. DEFINITIONS AND CONSTRUCTION .

1.1 Definitions . Unless otherwise defined herein, all capitalized terms shall have the meanings as set forth in the Loan Agreement. As used in this Agreement, the following terms shall have the following definitions:

" Affiliate " means, as applied to any Person, any other Person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of equity, by contract, or otherwise; provided, however , that: (a) any Person which owns directly or indirectly 5% or more of equity having ordinary voting power for the election of directors or other members of the governing body of a Person or 5% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person, and (c) each partnership or joint venture in which a Person is a partner or joint venturer shall be deemed an Affiliate of such Person.

" Applicable Laws " shall have the meaning as set forth in Section 7(a) below.

" BDI Group " has the meaning set forth in the preamble to this Agreement, and includes any successor or assign thereof. For the avoidance of doubt, (1) references to BDI Group shall include BDIC and BDIM, jointly and severally, as the case may be, and (2) each of BDIC and BDIM shall be jointly and severally liable for any and all obligations hereunder, as applicable.

" Books " means BDI Group's now owned or hereafter acquired books and records, including, without limitation, all records indicating, summarizing, or evidencing the Devices, its other assets and/or liabilities, and all of its records relating to BDI Group's business operations and financial condition.

" Business Day " means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of California.

" Client " means a Person who acquires any right to the use, ownership or enjoyment of a Device, whether such Person is a retail end user (for Retail Units), a third party distributor or vender (for Wholesale Units) or such other Person that leases, licenses, uses or otherwise acquires Devices from the Company or its retail end user or third party distributor, as the case may be.

" Device " shall mean the BDI-747/1 breath/alcohol ignition interlock device, along with its patent pending BDI Model #1 power line filter, and such upgrades, modifications, improvements, replacements and substitutes as reasonably acceptable to TDG, provided that such device represents a breathalyzer device to be used by persons convicted of driving under the influence of alcohol and is approved as required by Applicable Law as a BAID.

" Dollars " or " $ " means United States dollars.

" Effective Date " shall have the meaning as set forth above.

" Governing Documents " means, with respect to any Person, the certificate or articles of incorporation, by-laws, or other organizational documents of such Person.

" Insolvency Proceeding " means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code or under any other state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

" Loan Documents " means this the Loan Agreement, any note or notes executed by BDIC in connection with the Loan Agreement and payable to TDG, other security/pledge documentation, this Agreement and any other agreement, certificate, instrument or document entered into, now or in the future, and/or delivered by or on behalf of the parties hereto and/or in connection with this Agreement, the Loan Agreement and any of the above-mentioned documentation.

" Person " means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and

" Retail Units " means those Devices which BDIC leases or licenses (regardless of form) from time to time directly to end-users.

" Supplier " shall mean the company in China that supplies substantially all of the parts and the base unit required for manufacturing the Devices.

" TDG " has the meaning set forth in the preamble to this Agreement, and any successor or assign thereof.

" Term " shall have the meaning as set forth in Section 3 below.

" Total Units " means those Devices (including, without limitation, Retail Units and Wholesale Units) for which BDI Group is receiving payment or other consideration (including, without limitation, non-monetary consideration) or has voluntarily elected not to receive such payment or other consideration, regardless of whether the Device is distributed, installed, sold or used by BDIC, its Affiliates, related Persons, distributors and/or franchisees, and whether placed directly with end-users or to approved unrelated Persons, including, without limitation, any third-party vendors.

" Transfer Event " means any transaction (regardless of form) or occurrence, pursuant to or upon the occurrence/closing of which (1) BDI Group sells, conveys, transfers or assigns (in any manner, including, without limitation, pursuant to a lease, assignment for the benefit of creditors, merger or other consolidation), all or substantially all of the Devices and/or its assets or rights, or (2) all or substantially all of the equity of either or both of BDIC or BDIM is sold, conveyed, transferred, or assigned, or (z) BDI Group transfers, sells, assigns or conveys in any manner the Business and/or control of BDIC and/or the Business.

" Wholesale Units " means those Devices which BDIC directly or indirectly leases to a third party distributor or any Person who acts as an intermediary directly or indirectly on behalf of Borrower with an end-user of a Device.

Accounting Terms . All accounting terms not specifically defined herein shall be construed in accordance with GAAP. When used herein, the term "financial statements" shall include the notes and schedules thereto.

1.2 UCC . Any terms used in this Agreement that are defined in the UCC shall be construed and defined as set forth in the UCC unless otherwise defined herein.

1.3 Construction . Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder," and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in the other Loan Documents to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to the payment in full of the Royalties or other obligations hereunder shall mean the indefeasible payment in full in cash of such Royalties or other obligation. Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any requirement of a writing contained herein or in the other Loan Documents shall be satisfied by the written transmission of a record and any such record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein.

1.4 Recitals, Schedules and Exhibits . The Recitals set forth above, as well as all of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference, and, as appropriate, shall qualify the terms and conditions of this Agreement.

2. ROYALTIES AND PAYMENTS .

2.1 Royalties . In consideration of TDG agreeing to extend credit to BDI Group in connection with the Loan, and in lieu of other fees and charges associated with the Loan, BDI Group hereby grants to TDG as of the Effective Date and in perpetuity and without further consideration the right to payment of royalties (a " Royalty " or " Royalties ") as set forth herein. The Royalty obligation due in favor of TDG hereunder shall vest fully and immediately upon the Effective Date.

2.2 Determination of Royalty Amounts . The amount of Royalties due to TDG shall be determined as follows per calendar month on a cumulative basis in perpetuity:

(i) **Total Units are between 501 – 800**

- $1.00 per Retail Unit; and
- $1.00 per Wholesale Unit or other Device

(ii) **Total Units are between 801 – 5000**

- $2.00 per Retail Unit; and
- $1.50 per Wholesale Unit or other Device

(iii) **Total Units are between 5001 – 10,000**

- $1.50 per Retail Unit; and
- $1.25 per Wholesale Unit or other Device

(iv) **Total Units in excess of 10,000**

- $1.00 per Retail Unit; and
- $1.00 per Wholesale Unit or other Device

2.3 Payment of Royalties .

(a) The Royalty obligation due hereunder shall commence from and after the occurrence of the number of Total Units being in excess of 500 Devices (the " Royalty Commencement Date "). Once this occurs, then beginning on the first calendar month thereafter, and for every subsequent calendar month thereafter in perpetuity, BDI Group will pay the applicable Royalty payments per calendar month for each of the Total Units in accordance with the above schedule based on each Total Unit for which BDI Group received cash or other consideration from or on behalf of the Client thereof (or for which BDI Group voluntarily elected to waive any right to payment or other consideration from the Client thereof). Such payments will be payable to TDG on the 15 th of each calendar month following the Royalty Commencement Date in perpetuity, even after all Obligations due under the Loan Documents (other than the Royalty Agreement) have been indefeasibly paid in full (and not subject to disgorgement or recovery).

(b) In connection with each Royalty payment, BDI Group shall provide a statement setting forth the calculation of the Royalty amount, along with such supporting documentation as reasonable and appropriate or as may be reasonably requested from time to time by TDG. The parties expressly acknowledge and agree that (1) to the extent that BDI Group elects to forgo, defer or waive any such payment due from a Client with respect to a Device, or receive other consideration concerning said Device, such amount shall nonetheless be included in the determination of Royalties due thereunder, and (2) the parties hereto will meet on no less than an annual basis to work in good faith to "true up" the amount of royalties due under this Agreement, and in connection therewith, to the extent that an adjustment is needed (either because too little or too much was paid in Royalties in a given year (or other period), either BDI Group will promptly advance additional liquid funds to TDG, or BDI Group will offset present or future Royalties due TDG under this Agreement, as the case may be.

(c) By way of illustration and not of limitation, BDI Group will only pay Royalties to TDG for each of the Total Units from and after the Royalty Commencement Date that it receives payment or other consideration from the Client of said Total Unit (or for which BDI Group voluntarily elected to waive any right to payment or other consideration from the Client thereof). Solely for the avoidance of doubt, for purposes of determining the proper amount of Royalties hereunder, (1) in the event that BDI Group receives an advance payment from a Client (for example, $1,200 for twelve monthly payments due from a Retail Unit Client of $100 per month, when there are only 550 Total Units), then in such a situation, the amount of Royalties due with respect to said Total Unit shall be $12, all of which is payable on the 15 th day of the calendar month immediately following receipt of said $1,200, (2) in the event that BDI Group does not receive payment from a client until after the Device has been provided to said Client (for example, a Device representing a Retail Unit is given to a Client on January 1 for a 12 month period, the rental amount is $100/month, and payment is not received by BDI Group until December 20 th of said year, when there are only 550 Total Units), then in such a situation, the amount of Royalties due with respect to said Total Unit shall be $12, all of which is payable on January 15 of the following year, and (3) assuming the same facts as set forth in subsection 2.3(c)(1) above, except that the Client returns the Device within 6 months and is permitted to recover the remaining 6 months of payments (representing a refund of $600 from BDI Group to said Client), then in such a situation, TDG and BDI Group will "true up" the amount of Royalties due, and in this situation, BDI Group will offset present or future Royalties due TDG by the amount of $6, representing the 6 months advanced by said Client which was refunded from amounts received by BDI Group at the commencement of the lease of said Total Unit.

(d) All payments by BDI Group hereunder shall be made in the lawful money of the United States of America in immediately available funds on the date specified herein and shall be delivered to TDG or its designee as follows:

(i) If via wire transfer, pursuant to wire instructions provided from time to time by TDG for deposit into an account designated from time to time by TDG for TDG's benefit;

(ii) If via check, to the following address: **THE DOHENY GROUP, LLC,** _____, Los Angeles, CA 9____, Attention: David Haridim, Managing Member, or to such other address or to the attention of such other person as specified by prior written notice to BDIC.

(e) Time is of the essence in all obligations of BDI Group hereunder, including, without limitation, payment of the Royalties as expressly provided herein.

2.4 Liquidation Event . Upon the occurrence of a Transfer Event, then, as an express condition of said Transfer Event, BDI Group expressly acknowledges and agrees that it shall cause the acquirer/surviving Person (the " Acquirer ") to include in any acquisition/merger/transfer document a requirement that the obligations hereunder of BDI Group with respect to the Royalty pursuant to this Agreement be expressly assumed by such Acquirer, who shall be directly liable with respect to the Royalties due hereunder as if an original party hereto. Without limiting any of its rights or remedies whatsoever, to the extent that the Acquirer is not bound by and/or does not honor the terms and conditions of this Agreement, including, without limitation, failing to perform its obligation to pay the Royalties as provided herein, upon written notice to BDI Group, BDI Group shall pay to TDG as a "liquidated damage" resulting therefrom in one lump sum an amount equal to the product of the then (as of the date of the Transfer Event) last 12 calendar months of payments of Royalties hereunder multiplied by 100.

3. TERM . The term of this Agreement (the " Term ") shall commence as of the Effective Date and continue in perpetuity unless sooner terminated by mutual agreement of the parties in writing.

4. REPRESENTATIONS AND WARRANTIES .

In order to induce TDG to enter into this Agreement and the other Loan Documents, BDIC makes the following representations and warranties to TDG which shall be true, correct, and complete, in all material respects, as of the date hereof, except as may be qualified by the schedules and exhibits attached hereto and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 Due Organization and Qualification; No Subsidiaries . BDIC is duly organized and validly existing and in good standing under the laws of the State of Delaware and is qualified to do business in California and in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change. BDIC has one subsidiary, namely, BDIM. BDIM is duly organized and validly existing and in good standing under the laws of the State of Arizona and is qualified to do business in California and in any state where the failure to be so qualified reasonably could be expected to have a Material Adverse Change.

4.2 Due Authorization; No Conflict .

(a) The execution, delivery, and performance by BDI Group of this Agreement has been duly authorized by all necessary action on the part of such BDI Group.

(b) The execution, delivery, and performance by BDI Group of this Agreement does not and will not (i) violate any provision of federal, state, or local law or regulation applicable to BDI Group, the Governing Documents of BDI Group, or any order, judgment, or decree of any court or other Governmental Authority binding on BDI Group, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any contract of BDI Group, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of BDI Group, or (iv) require any approval or consent of any Person, other than consents or approvals that have been obtained and that are still in force and effect.

(c) The execution, delivery, and performance by BDI Group of this Agreement does not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority, other than consents or approvals that have been obtained and that are still in force and effect or other than any required filings under Applicable Laws..

(d) This Agreement, and all other documents contemplated hereby and thereby, when executed and delivered by BDI Group will be the legally valid and binding obligations of BDI Group, enforceable against BDI Group in accordance with its and their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws from time to time in effect relating to or limiting creditors' rights generally.

5. BOOKS; FINANCIAL REPORTS . BDI Group shall throughout the Term (i) maintain a system of accounting that enables BDI Group to produce financial statements in accordance with GAAP, if requested by TDG, and maintain records pertaining to the Devices and Total Units that contain information as from time to time reasonably may be requested by TDG, and (ii) provide TDG with such financial statements, tax returns and/or reports as to the Devices, Total Units and/or the financial condition of BDI Group as TDG may reasonably request from time to time, including, without limitation, both public and private information concerning BDI Group, its business, ownership and operations.

6. AUDIT AND INSPECTION RIGHTS . At any time and from time to time, upon written notice from TDG to BDI Group, BDI Group shall provide TDG and its authorized representatives with reasonable access and the opportunity to audit, inspect, review and copy BDI Group's Books to ascertain compliance with the terms hereof.

7. CONTINUING OPERATIONS . BDI Group shall throughout the Term (a) comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority (" Applicable Laws "), (b) keep in full force and effect its valid existence and good standing and any rights and franchises material to the Business and further, continue to operate the Business as presently being conducted, (c) not enter into any transaction of whatsoever type and nature or otherwise permit the occurrence of any conveyance, sale, lease (except in the ordinary course of business), license, assignment, transfer and/or disposal of the Devices to any Person (other than disposals following normal wear and tear in the ordinary course of business), all without the prior consent of TDG in its reasonable discretion, and (d) upon TDG's written request, provide TDG with an up-to-date list of all Devices/Total Units, including where located, consideration and revenues payable, deployment and other pertinent information as reasonable and appropriate, and (e) promptly notify TDG of any facts or circumstances which either will or with the passage of time may result in a material adverse impact on the amount of Royalties to be paid to TDG hereunder.

8. EVENT OF DEFAULT; REMEDIES .

8.1 Any one or more of the following events shall constitute an event of default (each, an " Event of Default ") under this Agreement:

(a) If BDI Group fails to pay when due and payable, all or any portion of the Royalties after twenty (20) days prior written notice from TDG to BDI Group;

(b) If BDI Group fails to perform, keep or observe any other material term, provision, condition, covenant or agreement contained herein after twenty (20) days prior written notice from TDG to BDIC;

(c) If an Insolvency Proceeding is commenced by BDIC;

(d) If an Insolvency Proceeding is commenced against BDI Group, and any of the following events occur: (1) BDI Group consents to the institution of such Insolvency Proceeding against it, (2) the petition commencing the Insolvency Proceeding is not timely controverted; provided, however, that, during the pendency of such period, TDG shall be relieved of its obligations to extend credit hereunder, (3) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof; provided , however , that, during the pendency of such period, TDG shall be relieved of its obligations to extend credit hereunder, (4) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of BDI Group, or (5) an order for relief shall have been entered therein; and/or

(e) If any material misstatement or misrepresentation exists now or hereafter in any warranty, representation, statement, or Record made to TDG by BDI Group, or any officer, employee, agent, or director of BDI Group after twenty (20) days prior written notice from TDG to BDI Group.

8.2 Rights and Remedies . Upon the occurrence, and during the continuation, of an Event of Default, TDG may, in its sole and absolute discretion, elect to exercise any and all rights and remedies that TDG may have under this Agreement, under contract, at law or in equity, all of which are expressly reserved and authorized by BDI Group, including, without limitation, upon written notice to BDI Group, directing that all Clients make concerning the Total Units directly to an account designated by BDI Group. BDI Group expressly acknowledges and agrees that the rights and remedies of TDG under this Agreement shall be cumulative, and that time is of the essence hereunder.

9. FURTHER ASSURANCES . At any time or from time to time upon the request of TDG, at the expense of BDI Group, BDI Group shall promptly execute, acknowledge and deliver such additional instruments, certificates or documents, and do all such other acts and things as TDG may reasonably request for purposes of implementing or effectuating the provisions of this Agreement

10. NOTICES . Unless otherwise provided in this Agreement, all notices or demands by BDIC or TDG to the other relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as BDIC or TDG, as applicable, may designate to each other in accordance herewith), or facsimile to BDIC or TDG, as the case may be, at its address set forth below:

If to BDI Group: **Blow & Drive Interlock Corporation**
BDI Manufacturing, Inc.
1080 La Cienega Boulevard, Suite 304
Los Angeles, California 90035
Attention: Laurence Wainer
Fax No. (___) _____
Email: _____

With copies to: (which shall not constitute notice hereunder)	**Law Offices of Craig V. Butler, Esq.** 300 Spectrum Center Drive, Suite 300 Irvine, California 92618 Attention: Craig V. Butler, Esq. Fax No. (949) 484-5667 cbutler@craigbutlerlaw.com
If to TDG:	**THE DOHENY GROUP, LLC** _____ Los Angeles, California 90067 Attention: David Haridim, Managing Member Fax No. (___) _____ Email: _____
With copies to: (which shall not constitute notice hereunder)	**SULMEYERKUPETZ** , a Professional Corporation 333 South Hope Street, 35th Floor Los Angeles, California 90071 Attention: Jeffrey M. Pomerance, Esq. Fax No. (213) 629-4520 jpomerance@sulmeyerlaw.com

TDG and BDI Group may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this section shall be deemed received as follows: (1) immediately if by facsimile or email or personal delivery (provided, however, that if such transmission is made either on a non-Business Day or a Business Day after 5:00 p.m., California time, then receipt shall be deemed on the next Business Day), (2) one Business Day if sent by Federal Express or overnight mail, (3) three (3) Business Days if sent by certified mail, proper postage.

11. CHOICE OF LAW; JURY TRIAL WAIVER.

11.1 THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEVADA.

11.2 BDI GROUP AND TDG HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BDI GROUP AND TDG REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

12. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS . This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however , that BDI Group may not assign this Agreement or any rights or duties hereunder without TDG's prior written consent.

13. AMENDMENTS; WAIVERS .

13.1 Amendments . No amendment or modification of any provision of this Agreement shall be effective unless the same shall be in writing and signed by TDG in its sole and absolute discretion, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

13.2 No Waivers; Cumulative Remedies . No failure by either party to exercise any right, remedy, or option under this Agreement, or delay by either party in exercising the same, will operate as a waiver thereof. No waiver by either party will be effective unless it is in writing signed by such party, and then only to the extent specifically stated. No waiver by a party on any occasion shall affect or diminish that party's rights thereafter to require strict performance by the other party of any provision of this Agreement. Each party's rights under this Agreement will be cumulative and not exclusive of any other right or remedy that that party may have.

14. GENERAL PROVISIONS .

14.1 Section Headings . Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

14.2 Interpretation . Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against TDG or BDIC, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

14.3 Severability of Provisions . Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

14.4 Enforcement; Indemnification . BDI Group agrees upon receipt of written notice, (a) to pay or reimburse TDG for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, and/or (c) to pay, indemnify, and hold TDG, and the officers, directors, managers, members, trustees, employees, agents, advisors and Affiliates of TDG and its officers, directors, managers, members, employees, affiliates, agents and controlling persons (each, an " Indemnitee ") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents (regardless of whether any Indemnitee is a party hereto and regardless of whether any such matter is initiated by a third party, BDI Group or any other Person) (the " Indemnified Liabilities "), provided , however , that BDI Group shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 14.4 shall be payable not later than ten (10) Business Days after written demand therefore. The agreements in this Section 14.4 shall survive repayment of the Loan and all other amounts payable hereunder.

14.5 Counterparts; Telefacsimile Execution . This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis* .

14.6 Acknowledgements The parties hereby acknowledge that they have been advised by counsel in the negotiation, execution and delivery of this Agreement; and no joint venture is created hereby or by this Agreement or otherwise exists by virtue of the transactions contemplated hereby among TDG and BDIC.

14.8 Integration . This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

[Signature pages to follow.]

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

BDI GROUP
BLOW & DRIVE INTERLOCK CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

BDI MANUFACTURING, INC ., an Arizona corporation

By: _____
Name: _____
Title: _____

TDG
THE DOHENY GROUP, LLC , a Nevada limited liability company

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO ROYALTY AGREEMENT]

EXHIBIT A
Copy of Loan and Security Agreement

(see attached)

COMMON STOCK PURCHASE AGREEMENT

This Common Stock Purchase Agreement (this "Agreement") is made and entered into effective as of the 30th day of September, 2016 (the "Effective Date") by and between Blow & Drive Interlock Corporation, a Delaware corporation (the "Company" or "BDIC"), and The Doheny Group, LLC, a Nevada limited liability company (the "Purchaser" or "TDG"). The Company and Purchaser shall each be referred to as a "Party" and collectively as the "Parties."

R E C I T A L S

WHEREAS, BDIC is a publicly-traded company quoted on the OTCQB-tier of OTC Markets in the business of manufacturing and leasing breath alcohol ignition interlock devices (the " Business "), including, without limitation, the BDI-747/1 breath/alcohol ignition interlock device, along with its patent pending BDI Model #1 power line filter. As of December 31, 2015, the BDI-747/1 breath/alcohol ignition interlock device was "approved" by ten states, including, without limitation, California, with applications for additional state approvals pending. In states where the Device is approved as a breath alcohol ignition interlock device (" BAID "), BDIC leases these devices to offenders depending upon the sentence received by such offender. In some states, BDIC leases, installs and supports these devices directly; in other states, BDIC sells distributorships to authorized distributors allowing the distributor to lease, install, service, remove and support said devices;

WHEREAS , pursuant to that certain Loan and Security Agreement of even date herewith entered into between BDIC, as BDIC, and TDG, as TDG, a copy of which is attached hereto as **Exhibit A** (the " Loan Agreement "), TDG agreed to loan funds and extend credit to BDIC to permit it to manufacture more Devices and expand the Business, subject to the terms and conditions of the Loan Agreement; and

WHEREAS , pursuant to the Loan Agreement, in consideration of TDG agreeing to extend credit to BDIC in connection with the Loan, BDIC agrees to enter into this Agreement with TDG to set forth the terms under which BDIC is issuing shares of its common stock.

NOW, THEREFORE , in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, BDIC and TDG hereby agree to enter into this Agreement as follows:

AGREEMENT

1. PURCHASE OF COMMON STOCK : Upon the execution and delivery of this Agreement and the Loan Agreement, subject to the terms and conditions set forth in this Agreement and the Loan Agreement, the Company hereby agrees to issue to the Purchaser Eight Hundred Forty Five Thousand Nine Hundred Thirteen (845,913) shares of the Company's Common Stock (the "Shares") in exchange for the Purchaser loaning the Company funds under the Loan Agreement (the "Purchase Price"). To the extent permitted, the Shares will be allocated a cost-basis equal to the highest trading price of the Common Stock over the 52-week period immediately preceding the issuance date, or at the highest cost-basis permitted under the law.

2. CLOSING AND DELIVERY :

a) Upon the terms and subject to the conditions set forth herein, the consummation of the purchase and sale of the Shares (the "Closing") shall be held simultaneous with the execution of this Agreement, or at such other time mutually agreed upon between the constituent Parties (the "Closing Date"). The Closing shall take place at the offices of counsel for the Company set forth in Section 6 hereof, or by the exchange of documents and instruments by mail, courier, facsimile and wire transfer to the extent mutually acceptable to the Parties hereto.

b) At the Closing:

(i) The Company and the Purchaser shall execute the Loan Agreement and this Agreement, which shall serve as evidence of ownership of the Shares, free from restrictions on transfer except as set forth in this Agreement. Subsequent to the Closing, but as expeditiously as possible, the Company will issue a stock certificate to the Purchaser to evidence the Shares.

(ii) The Purchaser shall deliver to the Company the Purchase Price by loaning the Company the funds set forth in the Loan Agreement.

3. REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY PURCHASER : The Purchaser hereby represents, warrants and agrees as follows:

a) *Purchase for Own Account* . Purchaser represents that it is acquiring the Shares solely for its own account and beneficial interest for investment and not for sale or with a view to distribution of the Shares or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

b) *Ability to Bear Economic Risk* . Purchaser acknowledges that an investment in the Shares involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Shares for an indefinite period of time and to suffer a complete loss of his investment.

c) *Access to Information.* The Purchaser acknowledges that it's members and managers, as applicable, have been furnished with such financial and other information concerning the Company, the directors and officers of the Company, and the business and proposed business of the Company as the Purchaser considers necessary in connection with the Purchaser's investment in the Shares. As a result, the Purchaser is thoroughly familiar with the proposed business, operations, properties and financial condition of the Company and has discussed with officers of the Company any questions the Purchaser may have had with respect thereto. The Purchaser understands:

(i) The risks involved in this investment, including the speculative nature of the investment;

(ii) The financial hazards involved in this investment, including the risk of losing the Purchaser's entire investment;

(iii) The lack of liquidity and restrictions on transfers of the Shares; and

(iv) The tax consequences of this investment.

The Purchaser has consulted with the Purchaser's own legal, accounting, tax, investment and other advisers with respect to the tax treatment of an investment by the Purchaser in the Shares and the merits and risks of an investment in the Shares.

d) *Shares Part of Private Placement* . The Purchaser has been advised that the Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), or qualified under the securities law of any state, on the ground, among others, that no distribution or public offering of the Shares is to be effected and the Shares will be issued by the Company in connection with a transaction that does not involve any public offering within the meaning of section 4(a)(2) of the Act and/or Regulation D as promulgated by the Securities and Exchange Commission under the Act, and under any applicable state blue sky authority. The Purchaser understands that the Company is relying in part on the Purchaser's representations as set forth herein for purposes of claiming such exemptions and that the basis for such exemptions may not be present if, notwithstanding the Purchaser's representations, the Purchaser has in mind merely acquiring the Shares for resale on the occurrence or nonoccurrence of some predetermined event. The Purchaser has no such intention.

e) *Further Limitations on Disposition* . Purchaser further acknowledges that the Shares are restricted securities under Rule 144 of the Act, and, therefore, if the Company, in its sole discretion, chooses to issue any certificates reflecting the ownership interest in the Shares, those certificates will contain a restrictive legend substantially similar to the following:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

Without in any way limiting the representations set forth above, Purchaser further agrees not to make any disposition of all or any portion of the Shares unless and until:

(i) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(ii) Purchaser shall have obtained the consent of the Company and notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Company, Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration under the Act or any applicable state securities laws.

Notwithstanding the provisions of subparagraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by such Purchaser to a partner (or retired partner) of Purchaser, or transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were Purchasers hereunder as long as the consent of the Company is obtained.

f) *Accredited Investor Status.* The Purchaser is an accredited investor, and has truthfully completed the Accredited Investor Questionnaire attached hereto as Exhibit A .

g) *Purchaser Authorization.* The Purchaser, if not an individual, is empowered and duly authorized to enter into this Agreement under any governing document, partnership agreement, trust instrument, pension plan, charter, certificate of incorporation, bylaw provision or the like; this Agreement constitutes a valid and binding agreement of the Purchaser enforceable against the Purchaser in accordance with its terms; and the person signing this Agreement on behalf of the Purchaser is empowered and duly authorized to do so by the governing document or trust instrument, pension plan, charter, certificate of incorporation, bylaw provision, board of directors or stockholder resolution, or the like.

h) *No Backup Withholding.* The Social Security Number or taxpayer identification shown in this Agreement is correct, and the Purchaser is not subject to backup withholding because (i) the Purchaser has not been notified that he or she is subject to backup withholding as a result of a failure to report all interest and dividends or (ii) the Internal Revenue Service has notified the Purchaser that he or she is no longer subject to backup withholding.

4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS BY COMPANY : The Company hereby represents, warrants and agrees as follows:

a) *Authority of Company* . The Company has all requisite authority to execute and deliver this Agreement and to carry out and perform its obligations under the terms of this Agreement.

b) *Authorization* . All actions on the part of the Company necessary for the authorization, execution, delivery and performance of this Agreement by the Company and the performance of the Company's obligations hereunder has been taken or will be taken prior to the issuance of the Shares. This Agreement, when executed and delivered by the Company, shall constitute valid and binding obligations of the Company enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency, the relief of debtors and, with respect to rights to indemnity, subject to federal and state securities laws. The issuance of the Shares will be validly issued, fully paid and nonassessable, will not violate any preemptive rights, rights of first refusal, or any other rights granted by the Company, and will be issued in compliance with all applicable federal and state securities laws, and will be free of any liens or encumbrances, other than any liens or encumbrances created by or imposed upon the Purchaser through no action of the Company; provided, however, that the Shares may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time the transfer is proposed.

c) *Governmental Consents* . All consents, approvals, orders, or authorizations of, or registrations, qualifications, designations, declarations, or filings with, any governmental authority required on the part of the Company in connection with the valid execution and delivery of this Agreement, the offer, sale or issuance of the Shares, or the consummation of any other transaction contemplated hereby shall have been obtained, except for notices required or permitted to be filed with certain state and federal securities commissions, which notices will be filed on a timely basis.

5. INDEMNIFICATION : The Purchaser hereby agrees to indemnify and defend the Company and its officers and directors and hold them harmless from and against any and all liability, damage, cost or expense incurred on account of or arising out of:

(a) Any breach of or inaccuracy in the Purchaser's representations, warranties or agreements herein;

(b) Any disposition of any Shares contrary to any of the Purchaser's representations, warranties or agreements herein;

(c) Any action, suit or proceeding based on (i) a claim that any of said representations, warranties or agreements were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company or any director or officer of the Company under the Act, or (ii) any disposition of any Shares.

6. MISCELLANEOUS :

a) *Binding Agreement* . The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, expressed or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

b) *Governing Law; Venue* . This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California. The Parties agree that any action brought to enforce the terms of this Agreement will be brought in the appropriate federal or state court having jurisdiction over Los Angeles County, California, United States of America.

c) *Counterparts* . This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

d) *Titles and Subtitles* . The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

e) *Notices* . All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the Party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, or (c) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent as follows:

If to Company:	**Blow & Drive Interlock Corporation** 1080 La Cienega Boulevard, Suite 304 Los Angeles, California 90035 Attention: Laurence Wainer Email: info@blowanddrive.com
With copies to: (which shall not constitute notice hereunder)	**Law Offices of Craig V. Butler, Esq.** 300 Spectrum Center Drive, Suite 300 Irvine, California 92618 Attention: Craig V. Butler, Esq. Fax No. (949) 484-5667 Email: cbutler@craigbutlerlaw.com
If to Purchaser:	**THE DOHENY GROUP, LLC** 1702 S. Robertson Boulevard #111 Los Angeles, California 90035 Attention: David Haridim, Managing Member Email: dharidim@yahoo.com
With copies to:	**SULMEYERKUPETZ** , a Professional Corporation 333 South Hope Street, 35th Floor Los Angeles, California 90071 Attention: Jeffrey M. Pomerance, Esq. Fax No. (213) 629-4520 Email: jpomerance@sulmeyerlaw.com

or at such other address as the Company or Purchaser may designate by ten (10) days advance written notice to the other Party hereto.

f) *Modification; Waiver* . No modification or waiver of any provision of this Agreement or consent to departure therefrom shall be effective unless in writing and approved by the Company and the Purchaser.

g) *Entire Agreement; Successors* . This Agreement and the Exhibits hereto constitute the full and entire understanding and agreement between the Parties with regard to the subjects hereof and no Party shall be liable or bound to the other Party in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein. The representations, warranties and agreements contained in this Agreement shall be binding on the Purchaser's successors, assigns, heirs and legal representatives and shall inure to the benefit of the respective successors and assigns of the Company and its directors and officers.

h) *Expenses* . Each Party shall pay their own expenses in connection with this Agreement. In addition, should either Party commence any action, suit or proceeding to enforce this Agreement or any term or provision hereof, then in addition to any other damages or awards that may be granted to the prevailing Party, the prevailing Party shall be entitled to have and recover from the other Party such prevailing Party's reasonable attorneys' fees and costs incurred in connection therewith.

i) *Currency* . All currency is expressed in U.S. dollars.

IN WITNESS WHEREOF, the Parties have executed this Common Stock Purchase Agreement as of the date first written above.

"Company"	**"Purchaser"**
Blow & Drive Interlock Corporation, a Delaware corporation	The Doheny Group, LLC, a Nevada limited liability company
By: Laurence Wainer Its: President	By: David Haridim Its: Owner

EXHIBIT A

Investor Questionnaire
(to be completed by Purchaser)

PART A. BACKGROUND INFORMATION

Name of Purchaser: _____

Social Security or Taxpayer Identification No. _____

If a corporation, partnership, limited liability company, trust or other entity:

Business Address: _____
(Number and Street)

_____
(City) (State) (Zip Code)

Telephone Number: ( ) _____

Facsimile Number: ( ) _____

Name of Contact Person: _____

Email Address of Contact Person: _____

Type of entity and Nature of Business: _____

_____

State of formation: _____

Approximate Date of formation: _____

Set forth in the space provided below the (i) state(s), if any, in the United States in which you maintained your principal office during the past two years and the dates during which you maintained your office in each state, and (ii) state(s), if any, in which you pay income taxes:

_____

_____

Were you formed for the purpose of investing in the securities being offered?

Yes ___ No ___

PART B. ACCREDITED INVESTOR QUESTIONNAIRE

In order for the Company to offer and sell the Securities in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please initial each of the below categories that describes you as a potential investor of the Securities of the Company.

___ (1) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity;

___ (2) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

___ (3) An insurance company as defined in Section 2(a)(13) of the Securities Act;

___ (4) An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;

___ (5) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

___ (6) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

___ (7) An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

___ (8) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

___ (9) An organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of $5,000,000;

___ (10) An executive officer or director of the Company;

___ (11) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 (for purposes of this calculation, net worth is the excess of total assets at fair market value, including homes (subject to the further description below), automobiles and personal property, over total liability; provided that you should not include your primary residence as an asset, and you should not include as a liability indebtedness that is secured by your primary residence that is not in excess of the fair market value of your primary residence (except that if the amount of such indebtedness outstanding at the time of sale of the Securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability));

___ (12) A natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000, in each of those years (in each case including foreign income, tax exempt income and the full amount of capital gains and losses, but excluding any income of other family members and any unrealized capital appreciation), and has a reasonable expectation of reaching the same income level in the current year;

___ (13) A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Company;

___ (14) An entity in which all of the equity owners qualify under any of the above subparagraphs. **If the undersigned belongs to this investor category only, list the equity owners of the undersigned, and the investor category which each such equity owner satisfies:**

_____

_____

(Continue any of the responses in this Questionnaire on a separate piece of paper, if necessary.)

* * * * *

The Employment of Summers as CFO

GNOSIIS INTERNATIONAL, LLC
AND
BLOW & DRIVE INTERLOCK, CORP

DRAFT

THIS AGREEMENT is made this 15th day of November 2016 by and between **Gnosiis International, LLC** , a Wyoming entity, (hereinafter referred to as "GNOSIIS") and **Blow & Drive Interlock Corporation,** a Delaware entity, hereinafter referred to as ("BDIC") for the purpose of developing business for BDIC.

INTRODUCTION

WHEREAS, GNOSIIS is a firm comprised of, and contractually associated with, individuals who have experience in economics, market analysis, finance, and business development.

WHEREAS, the BDIC desires to retain the services of Abraham Summers (GNOSIIS's Managing Member) as BDIC's CFO,

WHEREAS, the BDIC desires to retain the services of GNOSIIS and GNOSIIS desires to render such services to the BDIC,

NOW THEREFORE, the parties hereto, for good and valuable consideration as described herein, intending to be legally bound, do hereby promise and agree as follows:

ARTICLE 1 - SCOPE OF WORK

1.1 Services of Gnosiis - BDIC is engaging GNOSIIS to provide the services of Abraham Summers as BDIC's CFO in addition to serving as a 'Finder' to BDIC (as was generally described in the November 30 th , 2015 Finders Agreement between the parties) this specifically includes rendering the services of Abraham Summers (herein "Summers") , the managing member of GNOSIIS, directly to Laurence Wainer (herein "Wainer"), the Chief Executive Officer of BDIC. BDIC is also engaging GNOSIIS to provide consulting services in connection with the GNOSIIS expertise relating to economics, project management & business development. This is described and clarified in more detail throughout this Agreement.

1.2 Services of Abraham Summers – As referenced in previous agreements and/or memorandums between Gnosiis and BDIC, Summers is being appointed to serve as Chief Financial officer of BDIC. BDIC generally requires the services of Summers during business hours kept by Wainer and/or otherwise agreed to by Wainer and Summers. Gnosiis hereby recognizes that the anti-dilution protections discussed herein are directly tied to Summers being reasonably available to Wainer. Gnosiis hereby agrees to make Summers regularly available to BDIC and Wainer and ensure that Summers is regularly in the Blow & Drive offices when Wainer is in the Blow & Drive Offices.

1.3 Time and Availability – Summers will be expected to regularly be in contact and in attendance with Wainer for material business relating to BDIC. This includes regular attendance with Wainer at Blow & Drive executive offices. Notwithstanding the previous, GNOSIIS shall have discretion in selecting the dates and times it performs such consulting and/or Finders-related services.

ARTICLE 2 – FORMAL RELATIONSHIPS BETWEEN THE PARTIES

2.1 Employee Status of Summers – As described in more detail throughout this Agreement, Summers will serve as an employee of BDIC in his capacity of CFO.

2.2 Gnosiis as Independent Contractor – Notwithstanding, any ownership interest in BDIC by Gnosiis, Gnosiis is an independent contractor. The manner in which Gnosiis' services are rendered shall be within Consultant's sole control and discretion. Consultant is not authorized to speak for, represent, or obligate the BDIC in any manner without the prior express written or verbal authorization from an officer of the BDIC. BDIC acknowledges and agrees that GNOSIIS may be engaged with other clients and/or in other business activities during the term of this Agreement. GNOSIIS shall devote such time to performing the Work as is necessary to complete agreed upon objectives in a timely and professional manner.

ARTICLE 3 – TERMS AND OFFERS

3.1 Start Date - The terms of this Agreement shall commence on the effective date of this Agreement and will be ongoing until terminated by BDIC for "Cause" (as per 3.3 below) or, resignation of Summers at his sole discretion, or upon mutual agreement between the parties. If at anytime during the term of this Agreement it becomes objectively clear that Summers is not adequately performing, than BDIC may terminate this Memorandum and/or Agreement in accordance with Paragraph 3.3 below.

3.2. Employment of Abraham Summers –As described in more detail throughout this Agreement, GNOSIIS will appoint its Managing Member, Abraham Summers ("Summers"), as the direct point of contact to BDIC's CEO, Laurence Wainer ("Laurence"). Summers will be available to assist Laurence with project management relating to BDIC's CFO functions. It will be the responsibility of GNOSIIS to make Summers available to BDIC and work out arrangements with Summers to that effect. The BDIC shall provide Summers with such assistance and support as reasonable and appropriate to permit Summers to perform his duties hereunder. Without limiting the generality of the foregoing, the BDIC shall execute and deliver such documents, instruments, certificates and agreements, and take such actions as reasonable and appropriate to assist Summers and to effectuate the transactions and terms contemplated or set forth herein.

3.3 Definition of Cause – Summers may only be fired from his role as CFO for Cause. For purposes of this Agreement, "Cause" shall mean any one or more of the following, as determined by the Board, in its sole discretion: (i) a violation by Summers of this Agreement which violation has not been cured by Summers following thirty (30) days prior written notice to Summers specifying said violation in sufficient detail to permit Summers to cure said violation or properly contest said notice, as the case may be; (ii) Summers commission of any act of fraud with respect to the BDIC, including Summers' theft or other misappropriation of the Summers' proprietary information; or (iii) the commission by Summers of a felony (other than an offense related to the operation of an automobile which results only in a fine, license suspension or other non-custodial penalty).

3.4 Anti-Dilution on Gnosiis-Owned Shares – As described in more detail throughout this Agreement, Gnosiis is hereby entitled to anti-dilution protections on all shares it owns at all times that Gnosiis or Summers is materially involved in the ongoing business of BDIC. By way of illustration and not of limitation, upon such time during the Anti-Dilution as (i) the BDIC grants, issues or conveys in any manner any shares of Common Stock in the BDIC, including, without limitation, the issuance of additional shares of Common Stock and/or (ii) any person or entity converts any convertible preferred stock (if any) in the BDIC into Common Stock and/or any person or entity exercises any option, warrant or convertible debt or equity instrument, the result of which is such person or entity is entitled to the issuance of shares of Common Stock, then the BDIC will immediately and simultaneously issue to Gnosiis, without cost or expense, additional shares of Common Stock so that, immediately after such event, Gnosiis maintains its Anti-Dilution Threshold interest in the shares of Common Stock in the BDIC.

3.5 Services Not Included – BDIC hereby acknowledges and agrees that GNOSIIS is not a financial services, legal, accounting, or any other firm that requires federal, state or municipal licensure or registration. Under no circumstances will GNOSIIS perform legal, accounting or any other professional services that require any form of licensure and/or regulatory approvals. Notwithstanding, GNOSIIS may create work products and/or perform services tangentially related to these services as a part of GNOSIIS' proprietary efforts relating to this Agreement (i.e. creating financial models, forecasting expenses, revenue, or taxes, proposing legal structures for proposed partnerships) BDIC hereby agrees it will not rely solely on GNOSIIS for any such efforts. BDIC takes full responsibility to review any work product or efforts performed by GNOSIIS under this Agreement and when necessary BDIC will have its legal, accounting, and/or other relevant professionals review GNOSIIS's work prior to being utilized by BDIC (should BDIC chose to utilize them). BDIC fully indemnifies and will hold harmless GNOSIIS, its officers, directors, employees, and/or sub-contactors from any action or damages that result from a failure of BDIC to comply with this provision.

ARTICLE 4 - COMPENSATION FOR SERVICES

4.1 Compensation to Gnosiis and Summers - The compensation to Gnosiis and Summers combined by BDIC will be equal to 80% of compensation paid by BDIC to Laurence Wainer. Half (50%) of this amount will be payable to Summers as an employee of BDIC and the other half (50%) will be payable to Gnosiis as a contractor under this Agreement. Compensation shall be made on a weekly basis, with each week alternating between Gnosiis and Summers. At such time when BDIC provides health insurance to its executives, then BDIC will provide such health insurance to Summers and his family/dependents as well as any other benefits commensurate with that of BDIC's other officers and executives. Notwithstanding, Laurence must be making a minimum of $625 per week for this provision to be in effect. In the event neither Gnosiis nor Summers receive cash compensation of at least $500 for any given week, then Gnosiis shall receive a fee of 5,000 shares for each such week.

4.2 Finders Fee's – As referenced in the November 30, 2015 Finders Fee Agreement, from time to time, GNOSIIS may introduce BDIC to contacts of GNOSIIS that may provide BDIC with financing. In such a scenario, as generally described in the Finders Agreement, upon closing of a financing event by BDIC with a contact introduced by GNOSIIS, then GNOSIIS shall be entitled to a bonus, payable in BDIC shares, equal to the amount of one (1) share of BDIC stock for every one-dollar ($1) of financing received by BDIC. In the event of a stock-split a stock-split adjustment shall be utilized to reflect the intentions of this provisions. Nothing in this Agreement mitigates or limits that Finders Agreement in anyway, including Gnosiis' right to appoint a member to BDIC's Board of Directors at such time when a Board is formed, and its terms are incorporated herein. GNOSIIS will not negotiate any financing on behalf of BDIC and it will be BDIC's sole responsibility to negotiate any such financing. BDIC acknowledges and waives any conflict arising from such Finders Agreement and Summers' role as CFO of BDIC. Stock issuances to Gnosiis shall be done materially concurrent with the closing of any such financing.

ARTICLE 5 – INTELECTUAL PROPERTY

5.1. Use of Data, Logos, and Promotional Materials – GNOSIIS and BDIC will use all reasonable efforts to secure data of the other party. If, despite all reasonable efforts to secure all data, it becomes inadvertently: lost, destroyed, stolen, or made available to third parties, then each party will hold the other party harmless. It is also acknowledged and agreed that the parties may, in their sole discretion, make above-mentioned data and analysis available to its employees, subcontractors, agents and or potential partners. BDIC acknowledges that Gnosiis will be creating promotional material for BDIC's own uses. BDIC hereby grants GNOSIIS a license to use its name and/or logos and likenesses in promotional materials used by BDIC and/or GNOSIIS. This license is a non-exclusive and exploitable worldwide. This provision shall survive the expiration or termination of this Agreement.

ARTICLE 6 – NON-DISCLOSURE AND NON-COMPETITON

6.1 Mutual Non-Competition - GNOSIIS and BDIC mutually agree that they will not directly compete with each other during the term of this agreement and 24 months after this agreement is terminated as par paragraph 1.2. GNOSIIS further expresses that it has no desire to create a business model that mimics, emulates or directly competes with the business of BDIC. BDIC recognizes that GNOSIIS is, or intends to in the future, engage in other business dealings while this agreement is being performed. BDIC also recognizes that GNOSIIS currently does, and may have in the future, clients other than BDIC that engage in business dealings that may be similar or indirectly in competition with BDIC.

6.2 Obligation of Confidentiality - In performing consulting services under this Agreement, GNOSIIS and BDIC may be exposed to and will be required to use certain "Confidential Information" (as hereinafter defined) of the other party and/or the other party's contractors, agents, affiliates and/or employees. The party receiving Confidential Information (as defined below in paragraph 5.3) (herein "Receiving Party") and the Receiving Party's employees, agents or representatives will not, use, directly or indirectly, such Confidential Information for the benefit of any person, entity or organization other than the BDIC, or disclose such Confidential Information without the written authorization of the Managing Member of the party disclosing Confidential Information (herein "Disclosing Party"), either during or after the term of this Agreement, for as long as such information retains the characteristics of Confidential Information. This entire Paragraph 5 shall survive the termination of this Agreement.

6.3 Definition - "Confidential Information" means information, not generally known, and proprietary to the Disclosing Party, the Disclosing Party's contactors and/or affiliates and/or agents, or to a third party for whom the Disclosing Party is performing work, including, without limitation, information concerning any patents or trade secrets, clients, business associates, confidential or secret designs, processes, formulate, source codes, plans, devices or material, research and development, proprietary software, analysis, techniques, materials or designs (whether or not patented or patentable), directly or indirectly useful in any aspect of the business of the Disclosing Party, any vendor names, customer and supplier lists, databases, management systems and sales and marketing plans of the Disclosing Party, any confidential secret development or research work of the Disclosing Party, or any other confidential information or proprietary aspects of the business of the Disclosing Party. All information which Receiving Party acquires or becomes acquainted with during the period of this Agreement, whether developed by Receiving Party or by others, which the Receiving Party has a reasonable basis to believe to be Confidential Information, or which is treated by the Disclosing Party as being, and marked as, Confidential Information, shall be presumed to be Confidential Information.

ARTICLE 7 – EXPENSES

7.1 Travel and Accommodations – In course of performing under this agreement travel may be required (by means of example, doing road shows for Broker Dealers). BDIC shall provide Summers with business-class airfare and accommodations. Within California, BDIC may alternatively provide Summers with business class car rental in lieu of airfare. In the event that Summers will be traveling for three consecutive days or more, Summers will be entitled to bring family members along on such travel.

7.2 - Miscellaneous Expenses – Gnosiis and/or Summers shall not be responsible for any expenses relating to this agreement with the exception of their own taxes and proprietary overhead. Travel expenses, meals and dining expenses, transfer agent fees, and other expenses reasonably relating to the services being performed by Summers and/or Gnosiis shall be paid for by BDIC or be reimbursed. The BDIC shall, upon submission of supporting documentation, reimburse Gnosiis for all costs and expenses incurred by Summers in connection with the performance of his services hereunder. Without limiting the generality of the foregoing, the parties contemplate, creating a budget for travel, entertainment and marketing to be made available to Summers to assist Summers in such efforts and the performance of his services hereunder when funds become available.

ARTICLE 8 - RIGHT TO INJUNCTIVE RELIEF

8.1 The parties acknowledges that the terms of this Agreement are reasonably necessary to protect the legitimate interests of the parties, are reasonable in scope and duration, and are not unduly restrictive. Breach of any of the terms of this Agreement will render irreparable harm to the non-breaching party, and that a remedy at law for breach of the Agreement is inadequate, and that the non-breaching shall therefore be entitled to seek any and all equitable relief, including, but not limited to, injunctive relief, and to any other remedy that may be available under any applicable law or agreement between the parties. The parties acknowledges that an award of damages to the non-breaching party does not preclude a court from ordering injunctive relief. Both damages and injunctive relief shall be proper modes of relief and are not to be considered as alternative remedies.

ARTICLE 9 - GENERAL PROVISIONS

9.1 Construction of Terms and Severability - If any provision of this Agreement is held unenforceable by a court of competent jurisdiction, that provision shall be severed and shall not affect the validity or enforceability of the remaining provisions. Each and every provision of this agreement is severable from all other provisions of this Agreement and the invalidity or unenforceability of any one provision shall not thereby affect the enforceability or validity of any other provision. To the extent any provision of this agreement is unenforceable as written, it shall be reduced to the extent required by law to make such provision enforceable. Each and every provision of this agreement is severable from all other provisions of this Agreement and the invalidity or unenforceability of any one provision shall not thereby affect the enforceability or validity of any other provision. To the extent any provision of this agreement is unenforceable as written, it shall be reduced to the extent required by law to make such provision enforceable.

9.2 Governing Law - This Agreement shall be governed by and construed in accordance with laws of the State of Delaware.

9.3 Complete Agreement –This Agreement constitutes the complete agreement and sets forth the entire understanding and agreement of the parties as to the subject matter of this Agreement and supersedes and augments all prior discussions and understandings in respect to the subject of this Agreement, whether written or oral. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

9.4 Dispute Resolution - If there is any dispute or controversy between the parties arising out of or relating to this Agreement, the parties agree that such dispute or controversy will be arbitrated in accordance with proceedings under American Arbitration Association rules, and such arbitration will be the exclusive dispute resolution method under this Agreement. The decision and award determined by such arbitration will be final and binding upon both parties. All costs and expenses, including reasonable attorney's fees and expert's fees, of all parties incurred in any dispute which is determined and/or settled by arbitration pursuant to this Agreement will be borne by the party determined to be liable in respect of such dispute; provided, however, that if complete liability is not assessed against only one party, the parties will share the total costs in proportion to their respective amounts of liability so determined. Except where clearly prevented by the area in dispute, both parties agree to continue performing their respective obligations under this Agreement until the dispute is resolved.

9.5 Modification - No modification, termination or attempted waiver of this Agreement, or any provision thereof, shall be valid unless in writing signed by the party against whom the same is sought to be enforced.

9.6 Waiver of Breach - The waiver by a party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other or subsequent breach by the party in breach.

9.7 Successors and Assigns - This Agreement may not be assigned by either party without the prior written consent of the other party; provided, however, that the Agreement shall be assignable by a party without the others consent in the event such assigning party is acquired by or merged into another corporation or business entity. The benefits and obligations of this Agreement shall be binding upon and inure to the parties hereto, their successors and assigns.

9.9 Indemnification - Should Summers or GNOSIIS (including its officers, directors, employees, or subcontactors), be named as a party to a lawsuit arising in any manner from the performance of its duties on behalf of BDIC, BDIC agrees to provide legal representation concurrent with its own defense or, at GNOSIIS' option, to pay to GNOSIIS expenses associated with its defense or prosecution of the lawsuit including all court costs, expenses of litigation of any nature, and attorneys fees. Notwithstanding anything to the contrary in the foregoing, BDIC shall not indemnify nor provide a defense for GNOSIIS in the event a claim or lawsuit is brought due to GNOSIIS' negligence unrelated to his employment with GNOSIIS or intentional act. Not withstanding such a situation of negligence or intentional act, the BDIC agrees to pay, indemnify, and hold Summers, Gnosiis, and their respective officers, directors, managers, members, trustees, employees, agents, advisors, heirs, successors and assigns (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the enforcement, performance and administration of this Agreement, and the services to be provided Summers and/or Gnosiis hereunder (regardless of whether any Indemnitee is a party hereto and regardless of whether any such matter is initiated by a third party, the BDIC or any other person or entity) (the "Indemnified Liabilities"), provided, however, that the BDIC shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee.

9.10 Notice - Any notice required, or permitted to, be given under this Agreement shall, unless otherwise specified, be sufficient if in email or writing, and if sent by registered mail or overnight delivery service to the address set forth below each party's respective signature. Laurence Wainer shall be designated the single point of contact for BDIC and Abraham Summers will be the designated single point of contact for GNOSIIS.

ARTICLE 10 – FORCE MAJEURE

10.1 Force Majeure - Neither party shall be liable for any failure or delay in performance under this Agreement to the extent said failures or delays are proximately caused by causes beyond that party's reasonable control and occurring without its fault or negligence, including, without limitation, Acts of God, government restrictions including denial or cancellation of any license, wars, insurrections, failure of suppliers, subcontractors, and carriers, or party to substantially meet its performance obligations under this Agreement, provided that, as a condition to the claim of no liability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

These terms are general in nature, essentially, the spirit behind this Memorandum is one of mutual trust and confidence and the reliance on each other to do what is fair and equitable.

IN WITNESS WHEREOF, this Agreement is executed as of this date of November 15, 2016 and signed below

Blow & Drive Interlock Corp	Gnosiis International, LLC
Laurence Wainer CEO/President	Abraham Summers Managing Member
Signature	Signature

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, Laurence Wainer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Blow & Drive Interlock Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 21, 2016

By: */s/ Laurence Wainer*

Laurence Wainer
Chief Executive Officer

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, Abraham Summers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Blow & Drive Interlock Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting **.**

Dated: November 21, 2016

By: */s/ Abraham Summers*

Abraham Summers
Chief Financial Officer and Chief Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Blow & Drive Interlock Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Laurence Wainer, President of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 21, 2016

By: */s/ Laurence Wainer*
Laurence Wainer
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Blow & Drive Interlock Corporation and will be retained by Blow & Drive Interlock Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Blow & Drive Interlock Corporation (the "Company") on Form 10-Q for the quarter ended September 30, 2016, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Abraham Summers, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 21, 2016

By: */s/ Abraham Summers*
Abraham Summers
Chief Financial Officer and Chief Accounting Officer

A signed original of this written statement required by Section 906 has been provided to Blow & Drive Interlock Corporation and will be retained by Blow & Drive Interlock Corporation and furnished to the Securities and Exchange Commission or its staff upon request.