

**KALEIDOSCOPE VENTURE CAPITAL, INC.**

**A Nevada Company**

**September 30, 2011**

#### **Item 4. Management's discussion and analysis or plan of operation.**

This Company Disclosure contains "forward-looking statements." In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms and other comparable terminology. These forward-looking statements include, without limitation, statements about our market opportunity, our strategies, competition, expected activities and expenditures as we pursue our business plan, and the adequacy of our available cash resources. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Actual results may differ materially from the predictions discussed in these forward-looking statements. The economic environment within which we operate could materially affect our actual results. Additional risk factors that could materially affect these forward-looking statements include, among other things:

- **Our limited operating history;**
- **Our ability to obtain the necessary financing required to maintain our equity control over DSI-TV, which continuing equity control is conditioned upon receipt of such financing; (3) our ability to pay down existing debt;**
- **Our ability to obtain contracts with customers and partners and service operators on a cost-effective basis (for entry into multi-dwelling units and quasi-public spaces);**
- **The risks inherent in the mutual performance of such right of entry and customer contracts (including our production performance);**
- **Our ability to adapt to rapidly changing consumer demand, technology and medium in the media and communications industry;**
- **Our ability to raise necessary financing to support and execute our business plan;**
- **Our ability to secure and retain management capable of managing growth;**
- **Potential litigation with our shareholders, creditors and/or former or current investors;**
- **Our ability to comply with all applicable federal, state and local government and international rules and regulations;**
- **Adverse economic conditions; and**
- **Other factors over which we have little or no control.**

#### **Background**

Kaleidoscope is multi-tiered communications and media holding company, currently focused on regional companies that are planning to grow nationally, which provide digital satellite television, high-speed Internet, voice over IP ("VoIP"), to customers living in multi-dwelling units (MDUs) and quasi-public spaces as well as other media information and communication services. MDUs include apartment buildings, condominiums, gated communities, universities and other properties having multiple units located within a defined area. The Company and its subsidiaries negotiate extended access agreements with the owners of MDU properties allowing it the right to design and install the systems required to provide digital satellite television, high-speed Internet, VoIP, and potentially other services, to their residents.

Subsequent to the Quarter ended September 30, 2011, Kaleidoscope expanded its business into Interactive Digital Media kiosk displays, which Kaleidoscope believes will provide natural symmetry with its satellite television and broad band data services. Kaleidoscope expects that as signs new MDU's, it will seek to install a kiosk display unit in the commons area(s) of each complex. The strategically placed, interactive touch screen marketing kiosks combined with easily accessible social media applications.

Kaleidoscope also intends to place the kiosks onto commercial gyms, which over the last several years have been expanding their services from traditional use of exercise to retail and entertainment.

In furtherance of Kaleidoscope's expansion into Interactive Digital Media kiosk touch screen displays, Kaleidoscope, subsequent to the Quarter ended September 30, 2011, entered into letter of intent to with Gym Marketing Management, LLC, a Washington limited liability company ("GMM"), under which the Kaleidoscope acquire 100% the equity of GMM in exchange for 33% of the issued and outstanding shares of capital stock of Kaleidoscope. The parties expect to execute a definite agreement by the close of 2011.

GMM provides interactive digital media, marketing, advertising, communication and networking solutions while enhancing the customer's experience by captivating their attention through sight, sound and touch. The information age is turning into the screen age. Screens entertain us, provide us with up to the minute information, sell us products, act as a cash register and allow us to network with thousands of our friends and contacts. Gym Marketing Management's interactive kiosk solution provides the set up and continuing administration of all of these activities and more. Concentrating on the gym and fitness industry due to the foot traffic and turnover, GMM uses all the benefits and activities of the kiosk to engage the gym's members and guests in a way that creates customer lists, publicity and revenue. Incorporating social media and video rich content is the focus of the kiosks and Internet presences. These relatively new technologies implemented together with the kiosks interactive touch screens provide a powerful marketing solution now and in the future. In addition to the revenue created by the hardware and technical sales to the gyms, kiosk advertising and link placement to surrounding businesses will provide a consistent and recurring revenue stream.

As Kaleidoscope's footprint and network grows, gyms and multi-unit housing complexes will work together to market each other's services as well the advertising and marketing local products and services, Kaleidoscope expects that revenue will increase as locally available businesses realize the effectiveness of this interactive kiosk, neighborhood marketing strategy.

The Company seeks to continue to expand and acquire existing media and communications businesses displaying strong potential for organic growth, which Kaleidoscope can assist in achieving their business plans and maximizing their value. Kaleidoscope's business model provides the opportunity to expand the Company's overall revenue and potential profits through entry into the multiple communications and media based market segments. It is Kaleidoscope's intention to help its partners and subsidiaries realize growth, and that growth would, in turn, enhance Kaleidoscope's ability to increase shareholder value.

We have limited funds with which to pursue the acquisition of new business opportunities, as the Company has generated losses since our inception. In our pursuit of acquiring new business opportunities, we anticipate needing additional funds to cover legal and accounting expenses, due diligence expenses and other costs.

### **Financial Condition**

- i. Kaleidoscope does not expect its short term liquidity to change. Long term liquidity may improve if (a) it experiences growth *and* it is able to raise financing for such growth. Kaleidoscope does not expect its short term or long term liquidity to change, although increasing competition in the communications, data and media industry including delivery alternatives and price completion may increase sales costs and and/or reduce revenue, thereby reducing liquidity. Its

long term liquidity will only improve if (a) it experiences growth *and* Kaleidoscope is able to raise financing for the expansion and growth. Kaleidoscope has substantial doubt about our ability to maintain sufficient short term and long term liquidity for operations.

- ii. Kaleidoscope requires external financing sources to provide liquidity, through its officers, directors and third party financing. Kaleidoscope has substantial doubt about our ability to maintain short term and long term liquidity.
- iii. Kaleidoscope seeks to raise the financing through its investment bankers, with whom management is in discussions, but has not identified specific third-party commitments. Kaleidoscope is also in discussion with individual investors for smaller, interim portions of the financing.
- iv. Increasing competition in the communications, data and media industry including delivery alternatives, including traditional providers, internet streaming of video content and wireless phone service providers, as well as and price competition between all such competitors, may increase sales costs and and/or reduce revenue.
- v. No significant or material elements of income or loss for Kaleidoscope arose from elements outside operations, although outside, third parties paid outstanding fees to the State of Nevada and to Kaleidoscope's transfer agent for an outstanding invoice.
- vi. Kaleidoscope's financial statements for the quarter ended September 30, 2011 compared with the Quarter ended September 30, 2011 do not differ materially.
- vii. No seasonal aspects had a material effect on the Interim Financial Statements.

**Off- Balance Sheet Arrangements.**

Issuer's off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the financial condition.

None.

**Item 5. Legal proceedings.**

Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator:

None.

**Item 6. Defaults upon senior securities.**

Any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer:

As previously disclosed, Kaleidoscope was in default on \$436,746 of promissory notes and loans as September 30, 2008, and remains in default on such promissory notes and loans. Additional loan obligations and promissory notes are also past due in excess of \$3,000,000.00 but the lenders and/or holders have not provided notice of default not sought repayment through the date of this filing.

**Item 7. Other information.**

In July 2011 Kaleidoscope and DSI-TV terminated and cancelled their Stock Purchase Agreement under which Kaleidoscope acquired DSI-TV subsequent to conditional, subsequent events, including Kaleidoscope's provision of financing and DSI-TV's delivery of financial information in support thereof. Neither party successfully met these considerations, and the Stock Purchase Agreement was cancelled. As a result, Jay Gordon, appointed to the Board of Directors in during the quarter ended June 30, 2011, resigned from the Board of Directors.

Also in July 2011, Kaleidoscope issued common and preferred shares to its then board of directors and management, as follows:

- David Moore , Director: 5,000,000 shares common stock
- Clayton Shelver, Director, CFO 5,000,000 shares common stock; and  
500,000 shares Series A Preferred
- Eric Luttio, President, CEO 5,000,000 shares common stock; and  
500,000 shares Series A Preferred

These issuances were reflected in the June 30, 2011 Statement of Shareholders' Equity and are also reflected in the September 30, 2011 Statement of Shareholders' Equity, provided herein.

Additionally in July 2011 Kaleidoscope issued a total of 4,000,000 shares of common stock to convertible note holders who converted a total of \$20,000.00 of convertible notes. These issuances were also reflected in the June 30, 2011 Statement of Shareholders' Equity and are also reflected in the September 30, 2011 Statement of Shareholders' Equity, provided herein.

On July 21, 2011, Kaleidoscope appointed Allen Patterson to the Board of Directors of the Company. Mr. Patterson, currently the CEO and Co-founder of Dynatek Power, Inc., a renewable energy company based in Bellevue, Washington, commenced his professional career in the Middle East working for Aramco, where he was a field engineer responsible voice and telemetry communications, design and implementation along the Saudi Arabian pipeline in an active war zone. Following Aramco, he worked for Collins Radio Company as a design and application engineer to introduce new products and for Hughes Electronics as a member of the technical staff working on The Syncom Communications Satellite

and various space systems for the military. Following Hughes Electronics, he joined the Boeing Company in Seattle, WA, working on a multitude of electronic and space programs. His last project for Boeing was on the Apollo Program where he was manager of the command and service modules for Apollo Eight for TIE Program in Houston, Texas. After Boeing, Mr. Patterson founded Automated Control Systems, eventually employing 70 people, which designed and built products for the Wang Computer Systems. After selling his interest in Automated Control, Mr. Patterson consulted for various companies, including Ampac Communications, a company buying and selling TV subscriber groups and doing installations in commercial buildings and apartment housing. Mr. Patterson was the founder and CEO of Satellite Conferencing of America, Ltd., an International video teleconferencing company which he took public on the Vancouver Stock Exchange. He lives in Bellevue, Washington in a solar and fully automated home and works as a volunteer for the City Fire Department for Emergency Communications.

Additionally in July 2011, Kaleidoscope entered into a Letter Of Intent with Xillient, LLC, d/b/a Xillient Communications ("Xillient"), a provider of satellite television and data broadband services to multi-dwelling units properties (MDU's). Kaleidoscope during the several months prior to the letter of intent was in discussions with Xillient and DSI-TV, Kaleidoscope's other acquisition target prior to termination of the agreement, to purchase and combine Xillient and DSI-TV. The current letter of intent with Xillient provides for Kaleidoscope's acquisition for rights of way (ROEs) to access satellite television and data broadband services to 5,452 units in multiple MDUs based in San Francisco, Oakland and Seattle. Kaleidoscope intends to pay \$160.00 per unit in a combination of cash and common stock. The agreement contemplates a saturation rate not less than a 20% of the ROEs subscribing for the satellite television and data broadband services.

Subsequent to the Quarter ended September 30, 2011:

Subsequent to the Quarter ended September 30, 2011, Kaleidoscope expanded into Interactive Digital Media kiosk displays, which Kaleidoscope believes will provide natural symmetry with its satellite television and broad band data services. Kaleidoscope expects that as signs new MDU's, it will seek to install a kiosk display unit in the commons area(s) of each complex. The strategically placed, interactive touch screen marketing kiosks combined with easily accessible social media applications. Kaleidoscope also intends to place the kiosks onto commercial gyms, which over the last several years have been expanding their services from traditional use of exercise to retail and entertainment.

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**Item 8: Exhibits.**

**Material Contracts**

During the quarter ended September 30, 2011, the Company entered into the following contracts:

In July 2011, a strategic finance advisory Consulting Agreement with Brett Nesland, in exchange for 500,000 shares of common stock, which a non-related third-party provided as a shareholder's contribution. The Consulting Agreement had a 12 month term. A copy of the agreement is attached.


Also in July 2011, the company entered into a financial advisory and investor relations Consulting Agreement with Strategic Tactical Asset Trading, LLC ("STAT"), in exchange for either (i) \$5,000.00 per month, payable in cash, or (ii) \$5,000.00 of common stock of the Company, payable at an average of price of \$0.039 per share. STAT had been providing the consulting services to the Company since January 2011, and therefore the agreement was made retroactively effective as of January 1, 2011, with a 12 month term. The Company intends to pay STAT in common stock at the close of calendar year 2011. A copy of the agreement is attached.

**Item 9: Certifications.**

I, Eric Luttio, certify that:

1. I have reviewed this quarterly disclosure statement of Kaleidoscope Venture Capital, Inc.;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present, in all material respects, the financial condition, results of operations and cash flows of the issuer as of, and for the period presented in this disclosure statement.

Dated: December 19, 2011



Eric Luttio, CEO



## **Item III Interim Financial Statements**

Kaleidoscope Venture Capital, inc  
Balance Sheet  
For 9 months ending 9/30/2011

Assets

Current Assets	
Cash	-
Non-Marketable Securities	19,148
	<u>-</u>
Total current Assets	19,148
Property and Equipment	
Property and Equipment Net	13,015
Total Property and Equipment	<u>13,015</u>
Other Assets	
	-
Total Other Assets	<u>-</u>
Total Assets	<u><u>32,163</u></u>

Liabilities

Current Liabilities	
Accounts Payable	317,868
Accounts Payable - Related Parties	306,180
Loans and Notes Payable	1,849,740
Loans and Notes Payable - Related Party	1,584,003
Notes Payable - Software Purchase	131,746
Accrued Expenses	1,730,687
Acc. Expenses - Related Party	588,342
Convertible Debentures	84,912
Payable to Shareholder	900,027
Other Liabilities	14,289
Total Current Liabilities	<u>7,507,794</u>
Long-Term Liabilities	
Total Long Term Liabilities	<u>-</u>
Capital	
Common Stock	2,451
Common Stock Class A	120,000
Additional Paid-in Capital	11,250,021
Subscriptions Receivable	(1,165,000)
Accumulated Deficit	(17,683,103)
Total Capital	<u>(7,475,630)</u>
Total Liabilities	<u><u>32,163</u></u>

Kaleidoscope Venture Capital, Inc  
Income statement  
For 9 months ending 9/30/2011

Revenues

Sales Income	\$	-
Total Revenues		<u>-</u>

Cost of Sales

Cost of Goods Sold	\$	-
Total Cost of Sales		<u>-</u>

Gross Profit		<u>-</u>
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Expenses

Professional Fees	\$	300,988
Filing Fees	\$	<u>9,906</u>

Total Expenses		<u>310,894</u>
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Net Income		(310,894)
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Kaleidoscope Venture Capital, Inc  
For 9 months ending 9/30/2011

<b>Cash Flows from operating activities</b>	
Net Income	( \$ 310,894)
Adjustments to reconcile net income to net cash provided by operating activities	
Loans and Notes Payable	\$ 290,895
Accrued Expenses	<u>\$ 0</u>
Total Adjustments	<u>\$ 290,895</u>
Net Cash provided by Operations	<u>( \$ 20,000)</u>
	<u>\$ 0</u>
<b>Cash Flows from investing activities</b>	
Used For	
Property and Equipment	\$ 0
Land	<u>\$ 0</u>
Net cash used in investing	<u>\$ 0</u>
	<u>\$ 0</u>
<b>Cash Flows from financing activities</b>	
Proceeds From	<u>\$ 0</u>
Net cash used in financing	<u>\$ 20,000</u>
Net increase <decrease> in cash	<u><u>\$ 0</u></u>
Summary	
Cash Balance at End of Period	\$ 0
Cash Balance at Beg of Period	<u>\$ 0</u>
Net Increase <Decrease> in Cash	<u><u>\$ 0</u></u>

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Kaleidoscope Venture capital  
Statement of Stockholders' Equity of Kaleidoscope (KLDO)  
For 9 months ending 9/30/2011

	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
December 31, 2008	1,901,395	190,140	(11,250,021)	(16,022,773)	(27,082,655)
December 31, 2009	1,901,395	133,098	(11,250,021)	(16,267,900)	(27,384,823)
December 31, 2010	1,901,395	133,098	(11,250,021)	(17,372,208)	(28,489,131)
March 31, 2011	20,901,395	1,463,098	(11,250,021)	(17,474,763)	(27,261,686)
June 30, 2011	19,901,395	1,463,098	(11,250,021)	(17,572,572)	(27,359,495)
September 30, 2011	19,901,395	1,463,098	(11,250,021)	(17,683,103)	(27,470,026)

## **NOTE 1 – ORGANIZATION AND BUSINESS**

### **Liquidity and Going Concern**

The accompanying financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company experienced a loss for the year ended December 31, 2010. These factors combined, raise substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result from the outcome of this uncertainty. It is the intent of management to continue to raise additional funds to sustain operations and to pursue acquisitions of operating companies in order to generate future profits for the Company.

## **NOTE 2 – BASIS OF PRESENTATION**

The accompanying unaudited financial statements of Kaleidoscope Venture Capital, Inc. have been prepared in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, the accompanying unaudited financial statements contain all adjustments, consisting only of adjustments of a normal recurring nature, necessary for a fair presentation of the Company's financial position as of June 30, 2010, and its results of operations for the periods presented. These unaudited financial statements are not necessarily indicative of the results to be expected for future periods.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 sales and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions.

Certain amounts from prior periods have been reclassified to conform to current period presentation.

## **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Accounting Method**

The financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 sales and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

The Company considers all cash and investments with original maturities of three months or less to be cash equivalents.

### **Equipment**

Equipment is stated at cost less accumulated depreciation. Expenditures for minor replacements, maintenance and repairs which do not increase the useful lives of the property and equipment are charged to operations as incurred. Major additions and improvements are capitalized. Depreciation and amortization are computed using the straight-line method over estimated useful lives of 5 years.

### **Advertising**

The Company follows the policy of charging the costs of advertising to expense as incurred.

### **Concentrations of Risk**

Credit losses, if any, have been provided for in the financial statements and are based on management's expectations. The Company does not believe that it is subject to any unusual risks or significant risks in the normal course of its business.

### **Revenue Recognition**

We recognize revenue in accordance with Staff Accounting Bulletin (“SAB”) No. 104, *Revenue Recognition, Corrected Copy*. Under SAB No. 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller’s price to the buyer is fixed or determinable, and collectibility is reasonably assured. Revenue is recognized net of sales tax. We apply the specific provisions of SFAS No. 48, *Revenue Recognition when Right of Return Exists*. Under SFAS No. 48, product revenue is recorded at the transfer of title to the products to a customer, net of estimated allowances and returns and sales incentives. Transfer of title occurs and risk of ownership passes to a customer at the time of acceptance by the customer, depending on the terms of our agreement with a particular customer. For transactions not satisfying the conditions for revenue recognition under SFAS No. 48, product revenue is deferred until the conditions are met, net of an estimate for cost of sales.

### **Provision for Income Taxes**

No provision for taxes based on income has been recorded due to net operating loss carryforwards totaling approximately \$3,362,914 that will be offset against future taxable income. The NOL carryforwards begin to expire in the year 2025.

**Basic Loss per Share**The computations of basic loss per share of common stock are based on the weighted average number of common shares outstanding during the period of the financial statements.

#### **NOTE 4 – CONVERTIBLE NOTES PAYABLE**

There were no changes in Convertible Notes Payable during the quarter ended September 30, 2011.

#### **NOTE 5 – NOTES PAYABLE**

There were no changes in Notes Payable during the quarter ended September 30, 2011.

#### **NOTE 6 – COMMITMENTS AND CONTINGENCIES**

##### **Employment Contract**

The Company does not currently have any employment contracts.

##### **Employee Retirement Plan**

The Company does not currently offer any retirement plans.

##### **Employee Retirement Plan**

The Company does not currently offer any retirement plans.



**Material Contracts for the Quarter Ended September 30, 2011**

## CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (the "Agreement"), dated July 7, 2011 (the "Effective Date"), is made by and between **Kaleidoscope Venture Capital, Inc.**, a Nevada corporation ("Kaleidoscope" or the "Company") and **Brett Nesland** (the "Consultant"). The Consultant and the Company shall hereafter be referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Consultant has - background in strategic finance;

WHEREAS, Company desires to engage Consultant to provide the consulting services in Consultant's area of knowledge and - on the terms and subject to the conditions set forth herein—to pay consideration to Consultant of one thousand dollars (\$1,000.00), payable in 500,000 shares common stock of Kaleidoscope, in exchange for Consultant's provision of services provided valued at \$1,000.00; and

WHEREAS, Consultant desires to be engaged by Company to provide strategic direction to the company

NOW, THEREFORE, for consideration to be received Consultant agrees to provide those services to the Company, and the Parties agree as follows:

### 1. Services of Consultant.

During the Term (defined below) Consultant agrees to provide, in connection with providing strategic analysis of the current opportunities - strategies and/or restructuring strategies to Kaleidoscope for a potential capital transaction (the "Services"):-

### 2. Consideration.

(a) In consideration for the Services rendered to the Company hereunder during the Term, the Company shall irrevocably pay \$1,000.00 payable in full with 500,000 shares of common stock of Kaleidoscope (the "Common Stock") upon mutual execution of this Agreement, which Consultant understands shall be Company obligation under this Agreement, but which shall be provided by a third-party shareholder of the Company;

(b) Consultant understands and acknowledges that the Common Stock has not been registered under the united states securities act of 1933, as amended, or any applicable state securities law, unless registered, may only be sold, distributed, assigned, offered, pledged or otherwise transferred or disposed of if consultant and/or any subsequent buyer or seller of

7/21/11  
BM

the common stock receives an opinion of legal counsel that common stock under such transaction is exempt from registration.

- (c) Company will cooperate with Consultant to obtain a legal opinion, at the Company's expense, regarding the transfer of third parties shares or pay for such opinion to the legal status of said shares
- (d) Company will reimburse for any and all expense incurred up to \$2,000 a month for travel, meals, telephone etc., payable when and if Kaleidoscope receives sufficient funds to reimburse Consultant.

### **3 Confidentiality.**

Each party agrees that during the course of this Agreement, information that is confidential or of a proprietary nature may be disclosed to the other party, including, but not limited to, product and business plans, software, technical processes and formulas, source codes, product designs, sales, costs and other unpublished financial information, advertising revenues, usage rates, advertising relationships, projections, and marketing data ("Confidential Information"). Confidential Information shall not include information that the receiving party can demonstrate (a) is, as of the time of its disclosure, or thereafter becomes part of the public domain through a source other than the receiving party, (b) was known to the receiving party as of the time of its disclosure, (c) is independently developed by the receiving party, or (d) is subsequently learned from a third party not under a confidentiality obligation to the providing party. Confidential Information need not be marked as confidential at the time of disclosure to receive "Confidential Information" protection as required herein, rather all information disclosed that, given the nature of the information or the circumstances surrounding its disclosure reasonably should be considered as confidential, shall receive "Confidential Information" protection. Consultant acknowledges and agrees that confidential and valuable information proprietary to Company, shall not be, directly or indirectly, disclosed without the prior express written consent of the Company, unless and until such information is otherwise known to the public generally or is not otherwise secret and confidential.

### **4. Indemnification.**

#### **(a) Company.**

The Company agrees to indemnify, defend, and shall hold harmless Consultant and/or its agents, and to defend any action brought against said parties with respect to any claim, demand, cause of action, debt or liability, including reasonable attorneys' fees to the extent that such action is based upon a claim that: (i) would constitute a breach of any of Company's representations, warranties, or agreements hereunder, or (ii) arises out of the gross negligence or willful misconduct of Company.

**(b) Consultant.**

The Consultant agrees to indemnify, defend, and shall hold harmless Company, its directors, employees and agents, and defend any action brought against same with respect to any claim, demand, cause of action, debt or liability, including reasonable attorneys' fees, to the extent that such an action arises out of the gross negligence or willful misconduct of Consultant.

**(c) Notice.**

In claiming any indemnification hereunder, the indemnified party shall promptly provide the indemnifying party with written notice of any claim, which the indemnified party believes falls within the scope of the foregoing paragraphs. The indemnified party may, at its expense, assist in the defense if it so chooses, provided that the indemnifying party shall control such defense, and all negotiations relative to the settlement of any such claim. Any settlement intended to bind the indemnified party shall not be final without the indemnified party's written consent, which shall not be unreasonably withheld.

**5. Termination and Renewal.**

**(a) Term.**

This Agreement shall be deemed effective on the Effective Date and terminate three (3) months thereafter, unless terminated sooner in accordance with Section 6(b), below (the "Term").

**(b) Termination.**

- (i) Either party may terminate this Agreement upon ten (10) calendar days written notice during the Term or if prior to such action, the other party materially breaches any of its representations, warranties or obligations under this Agreement, without the breaching parties cure of such breach during the notice period. Except as may be otherwise provided in this Agreement, such breach by either party will result in the other party being responsible to reimburse the non-defaulting party for all costs incurred directly as a result of the breach of this Agreement, and shall be subject to such damages as may be allowed by law including all attorneys' fees and costs of enforcing this Agreement;
- (ii) The Company may terminate upon fifteen (15) calendar days written notice, for any reason whatsoever;
- (iii) Consultant may terminate upon fifteen (15) calendar days written notice for any reason whatsoever-

**(c) Termination and Payment.**

Other than set forth in Section 5(b)(iii), above, Company shall pay only unpaid, earned fees for its Services, if any.

**7. Remedies**

Should Consultant at anytime materially breach any of the terms outlined in this Agreement, Company shall have the right to seek remedies, including but not limited to: (i) a temporary restraining order and permanent injunction and/or (ii) liquidated damages.

**8. Miscellaneous.**

**(a) Independent Contractor; Right to Hire Sub-Consultants.**

Consultant shall render all Services hereunder as an independent contractor and shall not hold himself out as an agent of Company. Nothing herein shall be construed to create or confer upon Consultant the right to make contracts or commitments for or on behalf of Company. The Parties agree that Consultant shall be authorized to hire sub-consultants without pre-notification and approval by the Company at Consultant's expense.

**(b) Entire Agreement.**

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no promises, agreements, conditions, undertakings, understandings, warranties, covenants or representations, oral or written, express or implied, between them with respect to this Agreement or the matters described in this Agreement, except as set forth in this Agreement. Any such negotiations, promises, or understandings shall not be used to interpret or constitute this Agreement.

**(c) Amendment.**

This Agreement may be amended only by an instrument in writing executed by all the parties hereto.

**(d) Notices.**

Any notice which is required or desired under this Agreement shall be given in writing and may be sent by personal delivery or by mail (either (i) United States mail, postage prepaid, or (ii) Federal Express or similar generally recognized overnight carrier), addressed as follows (subject to the right to designate a different address by notice similarly given), or facsimile or email subject to confirmation of receipt thereof.

If to Company:  
KALEIDOSCOPE VENTURE CAPITAL, INC.  
P.O. Box 1027  
Manchester, NH 03104  
[ericluttio@live.com](mailto:ericluttio@live.com)

If to Consultant:  
Brett Nesland  
2212 queen anne ave n #404  
Seattle wa 98109  
[Nesland911@hotmail.com](mailto:Nesland911@hotmail.com)

Copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**e) Governing Law and Arbitration.**

Governing Law. This Agreement shall be governed by the interpreted in accordance with the laws of the state of Washington without reference to its conflicts of laws rules or principles, and regardless of the place or places of its physical execution and performance.

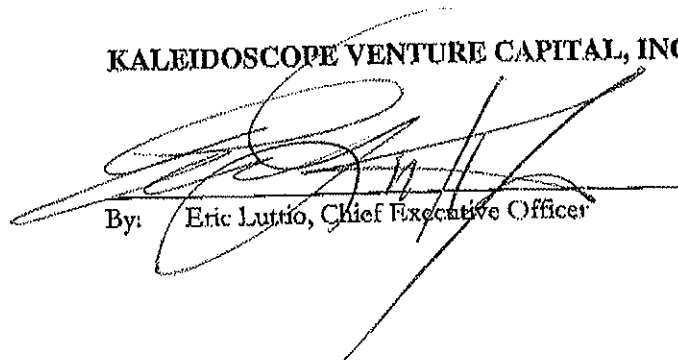
Arbitration. Any and all disputes arising out of or relating to the interpretation, application, formation, or the termination of this Contract shall be subject to binding and final arbitration in King County, Washington pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision issued there from shall be binding upon the parties and shall be enforceable as a judgment in any court of competent jurisdiction. The prevailing party in such arbitration or other proceeding shall be entitled, in addition to such other relief as many be granted, to a reasonable sum as and for attorney's fees in such arbitration or other proceeding which may be determined by the arbitrator or other officer in such proceeding. If collection is required for any payment not made when due, the creditor shall collect statutory interest and the cost of collection, including attorney's fees whether or no: court action is required for enforcement. The prevailing party in any such proceeding shall also be entitled to reasonable attorneys' fees and costs in connection all appeals of any judgment.

**f) Consents.**

The person signing this Agreement on behalf of each party hereby represents and warrants that he has the necessary power, consent and authority to execute and deliver this Agreement on behalf of such party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and have agreed to and accepted the terms herein on the date written above.

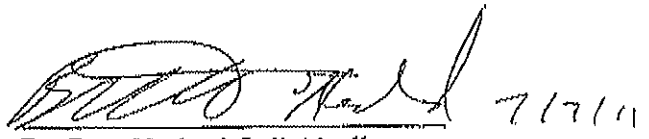
**KALEIDOSCOPE VENTURE CAPITAL, INC.**



By: Eric Luttio, Chief Executive Officer

**CONSULTANT:**

**BRETT NESLAND**



By: Brett Nesland, Individually

2. **Consideration.**

In consideration for the Services rendered to the Company hereunder during the Term or the Renewal Term (defined below) by Consultant and Consultant's covenants hereunder, the Company shall irrevocably, pay Consultant compensation including:

(a) A Services establishment fee of five thousand dollar (\$5,000.00), due within fifteen (15) days of mutual execution, which at the sole option of the Company shall be payable either in (i) cash or (ii) common stock of the Company, at a per share price based upon the price structure set forth in Subparagraph 2(b), below, of this Agreement; and

(b) Monthly payments of Five thousand dollars (\$5,000.00) per month, which at the sole option of the Company shall be payable either in (i) cash or (ii) common stock of the Company, or some combination thereof, at the following conversion prices:

January 2011 – July 2011:	\$0.02 per share
August 2011 – September 2011:	\$0.05 per share
October 2011 – November 2011:	\$0.07 per share
December 2011:	\$0.09 per share

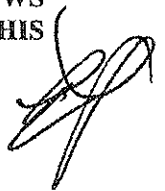
(c) Consultant shall provide invoices for the subject month(s). Following the date of mutual execution of this Agreement, Consultant shall provide such statements on a monthly basis;

(d) Consultant shall be entitled to "piggy-back" registration rights for (i) the Common Stock on all registrations of the Company, except for registrations filed on Form S-4 or Form S-8, or on any demand registrations of any other investor subject to the right, however, of the Company, its investment bankers and its underwriters to reduce the number of shares proposed to be registered pro rata in view of market conditions, which may reduce the "piggy-back" registrations rights to zero. The Company shall bear registration expenses (exclusive of underwriting discounts and commissions) of all such demands, piggy-backs, and S-1 or S-3 registrations. This Section 2(b) shall at the option of the Company terminate in the event that shares become eligible for removal of restrictive legend and free trading under Rule 144 of the Securities Act of 1933, as amended.

(e) The following legend (or a legend substantially in the following form) shall be placed on certificates representing the common stock issued pursuant to Section 2(1):

**THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAW, AND NO INTEREST THEREIN MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE TRANSFERRED OR DISPOSED OF UNLESS (A) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE UNITED STATES OR SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES, OR (B) THIS**

!!





CORPORATION RECEIVES AN OPINION OF LEGAL COUNSEL FOR THE HOLDER OF THESE SECURITIES (CONCURRED IN BY LEGAL COUNSEL FOR THIS CORPORATION) OPINING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION, OR THAT (C) THIS CORPORATION OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION.

### **3 Confidentiality.**

Each party agrees that during the course of this Agreement, information that is confidential or of a proprietary nature may be disclosed to the other party, including, but not limited to, product and business plans, software, technical processes and formulas, source codes, product designs, sales, costs and other unpublished financial information, advertising revenues, usage rates, advertising relationships, projections, and marketing data ("Confidential Information"). Confidential Information shall not include information that the receiving party can demonstrate (a) is, as of the time of its disclosure, or thereafter becomes part of the public domain through a source other than the receiving party, (b) was known to the receiving party as of the time of its disclosure, (c) is independently developed by the receiving party, or (d) is subsequently learned from a third party not under a confidentiality obligation to the providing party. Confidential Information need not be marked as confidential at the time of disclosure to receive "Confidential Information" protection as required herein, rather all information disclosed that, given the nature of the information or the circumstances surrounding its disclosure reasonably should be considered as confidential, shall receive "Confidential Information" protection. Consultant acknowledges and agrees that confidential and valuable information proprietary to Company, shall not be, directly or indirectly, disclosed without the prior express written consent of the Company, unless and until such information is otherwise known to the public generally or is not otherwise secret and confidential.

### **4. Non-Competition, Non-Solicitation.**

#### **(a) Non-Competition.**

Consultant agrees that it shall not, during the Term or the Renewal Term and for one year subsequent thereto directly or indirectly, engage or be interested in any business(es) that is competitive with the business being conducted by the Company through the consulting Term of the Renewal Term, without the express written approval of the Company.

#### **(b) Non-Solicitation.**

Consultant agrees that it will not, without the prior written consent of the Company, for a period of one (1) years after the termination of employment, directly or indirectly entice, or in any other manner persuade, any employee or consultant of the Company to discontinue that person's or firm's relationship with the Company if the employee(s) and/or consultant(s) were employed by the Company at any time during the twelve (12) month period prior to the termination date, without express written approval of the Company. Consultant further agrees that it will not, for a period of two (2) years following the termination of employment, contact or



solicit orders, sales or business from any customer of the Company's so as to induce or attempt to induce such customer to cease doing business with the Company.

**5. Indemnification.**

**(a) Company.**

The Company agrees to indemnify, defend, and shall hold harmless Consultant and/or its agents, and to defend any action brought against said parties with respect to any claim, demand, cause of action, debt or liability, including reasonable attorneys' fees to the extent that such action is based upon a claim that: (i) would constitute a breach of any of Company's representations, warranties, or agreements hereunder, or (ii) arises out of the gross negligence or willful misconduct of Company.

**(b) Consultant.**

The Consultant agrees to indemnify, defend, and shall hold harmless Company, its directors, employees and agents, and defend any action brought against same with respect to any claim, demand, cause of action, debt or liability, including reasonable attorneys' fees, to the extent that such an action arises out of the gross negligence or willful misconduct of Consultant.

**(c) Notice.**

In claiming any indemnification hereunder, the indemnified party shall promptly provide the indemnifying party with written notice of any claim, which the indemnified party believes falls within the scope of the foregoing paragraphs. The indemnified party may, at its expense, assist in the defense if it so chooses, provided that the indemnifying party shall control such defense, and all negotiations relative to the settlement of any such claim. Any settlement intended to bind the indemnified party shall not be final without the indemnified party's written consent, which shall not be unreasonably withheld.

**6. Termination and Renewal.**

**(a) Term.**

This Agreement shall be deemed effective on the Effective Date and terminate twelve (12) months thereafter, unless terminated sooner in accordance with Section 6(b), below (the "Term"), and shall automatically renew on a month-to-month basis thereafter (such month or months collectively referred to as the "Renewal Term"), unless either part provides fifteen (15) days notice to terminate the Agreement during the Renewal Term.



**(b) Termination.**

Either party may terminate this Agreement for any reason upon ten (10) calendar days written notice during the Term or fifteen (15) calendar days written notice during the Renewal Term, or if prior to such action, the other party materially breaches any of its representations, warranties or obligations under this Agreement, upon five (5) days written notice without cure of such breach. Except as may be otherwise provided in this Agreement, such breach by either party will result in the other party being responsible to reimburse the non-defaulting party for all costs incurred directly as a result of the breach of this Agreement, and shall be subject to such damages as may be allowed by law including all attorneys' fees and costs of enforcing this Agreement.

**(c) Termination and Payment.**

Upon any termination or expiration of this Agreement, Company shall pay all unpaid and earned fees, through the effective date of termination or expiration of this Agreement. And upon such termination, Consultant shall provide and deliver to Company any and all outstanding Services due through the effective date of termination of this Agreement.

**7. Remedies**

Should Consultant at anytime materially breach any of the terms outlined in this Agreement, Company shall have the right to seek remedies, including but not limited to: (i) a temporary restraining order and permanent injunction and/or (ii) liquidated damages.

**8. Miscellaneous.**

**a) Independent Contractor; Right to Hire Sub-Consultants.**

Consultant shall render all Services hereunder as an independent contractor and shall not hold himself out as an agent of Company. Nothing herein shall be construed to create or confer upon Consultant the right to make contracts or commitments for or on behalf of Company. The Parties agree that Consultant shall be authorized to hire sub-consultants without per-notification and approval by the Company at Consultant's expense unless approved by the Company prior to expensed services performed. The Parties agree that Consultant shall be entitled to reimbursement for ordinary, i.e. press releases, and extraordinary expenses only with pre-notification and approval by the Company before the expenses are incurred.

**b) Entire Agreement.**

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof. There are no promises, agreements, conditions, undertakings, understandings, warranties, covenants or representations, oral or written, express or implied, between them with respect to this Agreement or the matters described in this Agreement, except



as set forth in this Agreement. Any such negotiations, promises, or understandings shall not be used to interpret or constitute this Agreement.

**c) Amendment.**

This Agreement may be amended only by an instrument in writing executed by all the parties hereto.

**d) Notices.**

Any notice which is required or desired under this Agreement shall be given in writing and may be sent by personal delivery or by mail (either (i) United States mail, postage prepaid, or (ii) Federal Express or similar generally recognized overnight carrier), addressed as follows (subject to the right to designate a different address by notice similarly given), or facsimile or email subject to confirmation of receipt thereof.

If to Company:  
KALEIDOSCOPE VENTURE CAPITAL, INC.  
P.O. Box 1027  
Manchester, NH 03104  
[ericlutio@live.com](mailto:ericlutio@live.com)

If to Consultant:  
Strategic Tactical Asset Trading, LLC  
PO BOX 100161  
FT Lauderdale FL 33310

Copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**e) Governing Law and Arbitration.**

**Governing Law.** This Agreement shall be governed by the interpreted in accordance with the laws of the state of Nevada without reference to its conflicts of laws rules or principles, and regardless of the place or places of its physical execution and performance.

**Arbitration.** Any and all disputes arising out of or relating to the interpretation, application, formation, or the termination of this Contract shall be subject to binding and final arbitration in King County, Washington pursuant to the Commercial Arbitration Rules of the



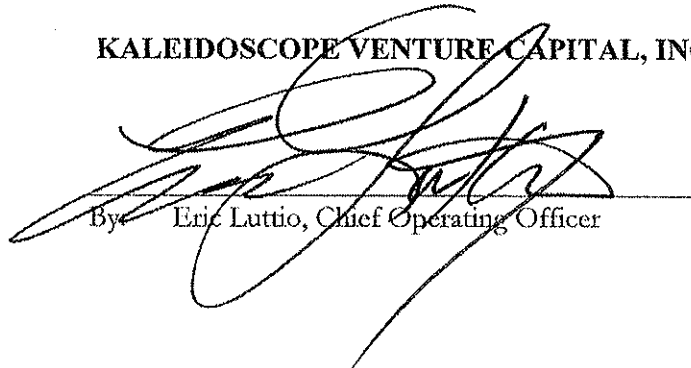
American Arbitration Association. Any decision issued there from shall be binding upon the parties and shall be enforceable as a judgment in any court of competent jurisdiction. The prevailing party in such arbitration or other proceeding shall be entitled, in addition to such other relief as many be granted, to a reasonable sum as and for attorney's fees in such arbitration or other proceeding which may be determined by the arbitrator or other officer in such proceeding. If collection is required for any payment not made when due, the creditor shall collect statutory interest and the cost of collection, including attorney's fees whether or not court action is required for enforcement. The prevailing party in any such proceeding shall also be entitled to reasonable attorneys' fees and costs in connection all appeals of any judgment.

**f) Consents.**

The person signing this Agreement on behalf of each party hereby represents and warrants that he has the necessary power, consent and authority to execute and deliver this Agreement on behalf of such party.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and have agreed to and accepted the terms herein on the date written above.

**KALEIDOSCOPE VENTURE CAPITAL, INC.**



By: Eric Luttio, Chief Operating Officer

**CONSULTANT:**

**STRATEGIC TACTICAL ASSET TRADING, LLC**



By: Eric Weldon Managing Member

## CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (the "Agreement"), dated effective as of January 1, 2011 (the "Effective Date"), is made by and between **Kaleidoscope Venture Capital, Inc.**, a Nevada corporation ("Kaleidoscope" or the "Company") and Strategic Tactical Asset Trading, LLC (the "Consultant") and corporation (the "Company"). The Consultant and the Company shall hereafter be referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, Consultant has extensive background in financial services and relations management;

WHEREAS, Consultant desires to be engaged by Company to provide relations management services to Company subject to the conditions set forth herein; and

WHEREAS, Company desires to engage and pay consideration to Consultant to provide the services in its area of knowledge and expertise on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for consideration to be received Consultant agrees to provide those services to the Company, and the Parties agree as follows:

### **I. Services of Consultant.**

During the Term or the Renewal Term (as defined below) of this Agreement, Consultant agrees to perform for Company the following services, based on the terms of this Agreement and to the extent the Parties agree from time to time (the "Services"):

(a) Review Company press releases and help relay growth strategy to the financial community;

(b) Distribute an Investment Profile for the Company;

(c) Generate and present Consultant based communications and strategies;

(d) Investor relations advice;

(d) Coordinate opt-in e-mail notifications;

(d) Provide investor relations services on behalf of Company specifically regarding answering phone calls of investors or prospective investors of the Company; and

(d) Evaluate progress of the communications campaign and provide an updated investor relations plan at 90 day intervals.

