

Opportunity: Patents Trademarks,  
Software & Domain Names.  
Yoostar Entertainment Group, Inc.



## OPPORTUNITY

Hilco Streambank has been retained by the lenders to YooStar Entertainment Group, Inc. (“YooStar”) to conduct an Article 9 sale of **YooStar’s** assets, including patents, patent applications, software and source code, trademarks and domains. The assets for sale include:

- o Three US patents (7649571, 7646434, 7528890)
- o One US patent application allowed, but not yet issued (12/495517)
- o Three US patent applications (including 13/869341, 13/211115)
- o One Canadian patent application (App #2523680, Pub # WO2004/100535)
- o Two International patent application (App #PCT/US 2012/036937 App #PCT/US2014/035941)
- o US and International trademarks for YooStar 1, and YooStar 2, and TWRRL
- o Software and code for YooStar 1, YooStar 2, YooStar 3, and TWRRL
- o TWRRL Domain Name ([www.twrri.com](http://www.twrri.com))
- o YooStar Domain Name ([www.yoostar.com](http://www.yoostar.com))

## COMPANY OVERVIEW

YooStar developed “green screen” digital video technology that allowed users to star in their own versions of famous movie scenes. **YooStar’s** technology was first developed for the PC (YooStar 1), and then for common gaming platforms (YooStar 2), and ultimately for mobile devices (TWRRL). YooStar, creator of the first social video game, provided web-based gaming and social networking services, allowing users to create, share, upload, and distribute movies, songs, athletics, games, and television shows. The Company combined personal video creation and social networking with online collaboration and content sales. YooStar was incorporated in 2008, the successor to the limited liability company, Megamedia, LLC. YooStar was headquartered in New York, New York, with an additional office in Los Angeles, California.

The Company developed YooStar 2, a platform based video game which received concept approval and publisher status from Microsoft (Xbox 360 Kinect) and Sony (PlayStation Move). YooStar 2 marked a pivotal shift in the **Company’s** strategy, as it turned to the sizable console market (Xbox / PlayStation) from the PC-market. YooStar 2 was released ahead of the 2010 holiday season for the PlayStation console and in early 2011 for the Xbox console.

YooStar combines game play with the power of green screen technology and licensed entertainment content to create a social platform that enables users to share, compete, comment, vote and post performances to [www.YooStar.com](http://www.YooStar.com), as well as third-party network and social sites such as Facebook, Twitter, and MySpace.

## COMPANY OVERVIEW CONTINUED

YooStar developed proprietary software that provides an expansive entertainment experience by allowing users to utilize Xbox360 Kinect and PlayStation Move camera technology to superimpose their images and voices directly into well-known movie and television scenes, where they could perform with, or replace, the original actors, without the need of an actual green screen. Users could follow the script or deliver their own interpretation of the scene, then upload their performances to the Company's website or various social networking sites.

YooStar had secured agreements with six major movie studios covering over 1,500 movies, 1,200 actors, several television series, and the National Basketball Association. The Company had negotiated agreements with a number of music labels and publishers, as well as television and children's networks, for access to their libraries.

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## TECHNOLOGY OVERVIEW AND HISTORY

### YooStar 1

The original YooStar 1 system provided family entertainment and the tools to turn users' homes into virtual movie studios, by including a high-resolution webcam with built-in dual microphones, remote control, portable green screen, professional stand, and PC-compatible YooStar software. Approximately 9,000 PC-compatible YooStar systems were sold. A Mac-compatible version of the system was released summer of 2010.

The YooStar 1 system could be connected to either a television or computer monitor and included a compilation of 20 free scenes consisting of clips from films, children's programming, and video backgrounds. The YooStar user could continually update his or her portfolio of scenes by accessing content on YooStar.com.

The YooStar 1 system employed a high-resolution webcam. The system used dual stereophonic microphones for use with both noise and acoustic echo-cancellation software. Additionally, the YooStar webcam functioned as a high-quality video camera for many other popular computer-based video and chat applications, such as Skype and ooVoo.

The YooStar 2 video game utilized the camera technology that comes with the Xbox 360 Kinect and Sony PlayStation Move, eliminating the need for a YooStar-supplied camera and green screen.

## YooStar 2

Management introduced YooStar 2 at the Electronic Entertainment Expo (“E3”) conference in June of 2010. E3 is an invitation-only, annual trade show for the computer and video game industry presented by the Entertainment Software Association. YooStar 2 was a new video game available on **Microsoft’s** new Kinect for Xbox 360 game console and the new Sony Playstation Move system. YooStar 2 was sold separately from the Xbox 360 and Playstation, with a preliminary MSRP of \$59.99. YooStar 2 came preloaded with 60 clips, with users having the ability to purchase additional content for an average of \$1.99 per clip.

The publisher agreements with Microsoft and Sony had initial terms through 2012.

YooStar 2 garnered critical acclaim at E3, as Leonard Nimoy (Spock from Star Trek) and Zoe Saldana (Avatar) exhibited the **game’s** next-generation capabilities to members of the media. The E3 YooStar demonstration was well received by the media, as numerous press reports were released touting the innovation of the product and its uniqueness within the video game industry. Media outlets which covered the YooStar 2 release included:

- o CNN Tech
- o Yahoo Games
- o IGN
- o Gamespot
- o USA Today
- o PC Magazine
- o KTLA 5
- o AFP
- o guardian.co.uk
- o 1up.com
- o Financial Times

The Kinect technology was compatible with existing Xbox 360 consoles, while the Move controller was compatible with existing Playstation 3 consoles. For YooStar 2, the Kinect and Move cameras, which come with Kinect and Move, allowed the user to create Hollywood style green screen effects, without the green screen.

Within the game, which contained three difficulty levels, the user played a series of challenges to unlock new movie scenes. As more challenges are completed, more movie scenes were unlocked. The script of each scene is displayed on the television in a karaoke style format. Upon completion of each scene, YooStar 2 would score a user based on his or her performance, similar to the scoring system used by Guitar Hero and Rock Band. The gamer could then share the scenes with friends, family or a wider audience by uploading the performances to **YooStar’s** website and Facebook, thereby adding a wider social element to the gaming experience. The Company was also developing mobile technology for YooStar 2 that would allow users to watch and rate user scenes on iPhones, iPads, Androids (**Google’s** operating system) and HTC smart phones.

[www.hilcostreambank.com](http://www.hilcostreambank.com)

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## YooStar 2 Continued

As a social video game, **YooStar's** sharing and community elements are essential to the overall game experience. **YooStar's social portal provided the model for social interaction in the game through:**

- o Customized member profiles
- o Featured performers and performances
- o Sharing to Facebook and other social networks
- o Ratings and leaderboards
- o Programmed contests and instruction
- o Featured and rated scenes

Management had expected that YooStar 2 would be distributed by the four largest gaming retailers, Wal-Mart, Best Buy, Target, and GameStop, which, combined, account for nearly 80% of all console-based game sales. Management was also in negotiations with ToysRUs and Amazon.com, among other retailers, for additional distribution.

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## YooStar 3

In early 2012, YooStar sought to enter the electronic greeting card market. To that end, YooStar conceptualized and created the technology "YooStar 3" necessary to enhance electronic greeting cards by overlaying special effects onto a **user's** video clips. YooStar 3 was a web-based application that ran in the **user's** web-browser and required no download or equipment to function. To create a personal video greeting card, users simply record a digital video, upload their video to the requisite website and select one or more of the numerous video effects to enhance their video. Once one or more effects are selected by the user, the overlays are integrated into the video and the electronic greeting card is created.

YooStar 3 was created to work in partnership with another company utilizing their branding. To pitch their concept to potential partners, YooStar created a fully functioning demonstration of YooStar 3's capabilities that for purposes of presentation used the potential **partners'** branding and user interface design elements. The Company presented the Demo to American Greetings, who expressed interest in the YooStar 3 functions, but was not in a position to make a large investment in the technology. The company also approached other potential partners, including, among others, Sesame Street. Again, each of these companies expressed an interest in the YooStar 3 functions, but no formal partnerships or deals materialized. YooStar eventually placed continued development and marketing of YooStar 3 on hold.

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## TWRRL

In early 2013, YooStar began development of a mobile application named Twrrl (the “Twrrl App”) taking YooStar 3’s overlay capabilities and breaking YooStar into the mobile application platform. The application enables users to record and share unique, interactive and entertaining videos. Users may choose from a variety of video and audio effects, interactive overlays, cartoon characters and filters to personalize their videos. Users may choose to add the Enhancements either to videos in their existing camera roll on their iPhone or iPad or to videos recorded in real-time **through their iPhone’s or iPad’s built-in camera**. Users may record in slow or fast motion, with or without audio pitch correction and may even change video play speed while recording. Twrrl videos may be saved to a **user’s** device library and shared through Facebook, YouTube, Twitter, Instagram, multi-media messaging and email.

The first version of the Twrrl App was made available for download through iTunes in 2013. Since its initial launch, YooStar routinely has updated and improved the Twrrl App to, among other things: improve user interface and optimize performance, fix certain program “bugs,” add new Enhancements and provide higher resolution recording options. The Twrrl App was last updated on March 5, 2014.

The Twrrl App has its own promotional website ([www.twrrl.com](http://www.twrrl.com)). The Twrrl Website provides a comprehensive **overview of the Twrrl App’s functions and capabilities and**, through a single click, directs consumers to the iTunes website for the Twrrl App. The Twrrl Website also provides links for consumers to connect with Twrrl through its Facebook, Twitter and Instagram sites. Twrrl currently has approximately four thousand (4,000) users, with additional users downloading the application each day. The Twrrl App is free to download from iTunes, but has the capabilities to include a cost component.

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## SOFTWARE

YooStar has developed an advanced set of patent-protected software. It holds several patents ranging from web-based navigation and compositing to asset processing and audio-based technologies. **The Company’s patents** have either been issued or are pending.

- o **The Company’s software capabilities include, but are not limited to**, the following:
- o **Managing the user’s library of purchased video clips;**
- o Providing parental controls;
- o Facilitating the recording and preparation process;
- o Allowing the creation of personalized messages;
- o Enabling the purchase and download of new video clips, as well as the upload of user performances;
- o Compositing the video streams required to create the complete integration of the user into the video clip, introduction, and video background.

## CONTENT PRODUCTION

The Company processes selected video clips by digitally removing one or more of its original performers and reconstructing the missing background, frame-by-frame, for the entire duration of the scene. A user purchasing a video clip has the flexibility to choose which role to play in the scene. To manage the content creation, YooStar has developed a proprietary work-flow technology that enables the Company to track the delivery of assets, manage content production, manage content approvals, prioritize work flow, and control licensing and territorial rights.

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## WEBSITE

The **Company's** website was built using advanced, highly scalable web architecture. YooStar layered a sophisticated set of tools on top of this infrastructure to enable and manage rapid scalability. This architecture served two main purposes:

1. Costs were reduced dramatically by using and paying for only the infrastructure and bandwidth needed, eliminating the need to make significant investments in hardware and software to support a new, sophisticated and rapidly growing user community.
2. YooStar.com was able to efficiently scale, within minutes, to support substantial increases in traffic and demand. Advanced monitoring tools allowed the Company to proactively manage the number of servers required for a given community demand and to scale where necessary.

YooStar.com fulfilled three key functions:

1. Provided members with access to new, downloadable content;
2. Provided each member with a personalized profile page, in which member data and performances can be uploaded and either kept private, shared with friends, or made available for public viewing; and
3. Supported all functionality of a social networking site, including chat, blogging, polling, voting, and game play.

To leverage the existing social networks as platforms for viral video distribution, the Company had developed a YooStar widget that enabled members to share performances across a broad range of social platforms. This capability was expected to drive traffic to YooStar.com and raise awareness of the YooStar system.

[www.hilcostreambank.com](http://www.hilcostreambank.com)

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## INTELLECTUAL PROPERTY

YooStar has several issued patents and a few patent applications in both the U.S. and foreign countries. YooStar had at one time entered into many content license agreements with movie studios and performing talent, sports leagues, music labels, and musicians.

### IP Presently Available for sale Includes:

- o Three US patents (7649571, 7646434, 7528890)
  - o One US patent application allowed, but not yet issued (12/495517)
  - o Three US patent applications (including 13/869341, 13/211115)
  - o One Canadian patent application (App #2523680, Pub # WO2004/100535)
  - o Two International patent application (App #PCT/US 2012/036937 App #PCT/US2014/035941)
  - o US and International trademarks for YooStar 1, and YooStar 2, and TWRRL
  - o Software and code for YooStar 1, YooStar 2, YooStar 3, and TWRRL
  - o TWRRL Domain Name ([www.twrrl.com](http://www.twrrl.com))
  - o YooStar Domain Name ([www.yoostar.com](http://www.yoostar.com))
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## Manufacturing and Distribution

### Manufacturing History

YooStar had contracted with two major electronic product manufacturing companies in China.

### Distribution

**The Company's software, hardware, and accessories were distributed through a wholly-owned subsidiary of Take-Two Interactive Software, Inc., which outsourced the pick, pack, ship, and warehousing functions to Ditan Distribution, residing at the same facility.**

### Current Operations

The **company's** only current operations are the maintenance of the Twrrl Website and the Twrrl App. On March 14, 2014, the **company's** remaining six (6) employees were terminated and all further development of the Twrrl App was discontinued. The Twrrl App remains available for download and use by consumers and the Twrrl Website continues to be fully functioning. The company currently has no employees. To minimize costs and to preserve liquidity, the company has placed all research, development and improvement initiatives to the Twrrl App, the Twrrl Website and new YooStar projects on hold.

Hilco Streambank is currently soliciting offers for the assets of the company. Interested parties should submit bid proposals and term sheets to Hilco Streambank. **The deadline for bids is Tuesday, August 12th, 2014 at 12PM EST.**

**In order for bids to be considered qualified, the following conditions must be met:**

- o A deposit, consisting of the greater of 5% of the proposed bid value or \$25,000.00
- o No contingent or conditional requirements. Diligence must be completed prior to bid submission.
- o Fully executed sale documents including an asset purchase agreement (provided) and intellectual property assignment documentation (provided)
- o Proof of financial wherewithal in the form of documentation proving ability to pay, or a signed letter from a chief financial officer. Financing contingencies will not be acceptable.

**Interested parties should contact Hilco Streambank**

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