Digital Video Systems, Inc.

Complaint Procedures for Accounting and Auditing Matters

Overview

The Audit Committee of the Board of Directors of Digital Video Systems, Inc. has established the following procedures for:

- The receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters; and
- The confidential, anonymous submission by employees of Digital Video Systems of concerns regarding questionable accounting or auditing matters.

The Audit Committee is committed to continuously reviewing and updating its policies and procedures. Therefore, these procedures are subject to modification.

Scope

These procedures relate to complaints and concerns relating to any questionable accounting or auditing matters, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of Digital Video Systems;
- Fraud or deliberate error in the recording and maintaining of financial records of Digital Video Systems;
- Deficiencies in or noncompliance with Digital Video Systems' internal accounting controls;
- Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of Digital Video Systems; or
- Deviation from full and fair reporting of Digital Video Systems' financial condition.

Procedures

In accordance with Section 301 of the Sarbanes-Oxley Act, the Audit Committee and Digital Video Systems have adopted the following procedures.

Receipt of Complaints

1. Non-employees may submit complaints regarding accounting, internal accounting controls, or auditing matters by mailing to:

Accounting Concerns
c/o Larissa Licea
Digital Video Systems, Inc.
430 Cambridge Avenue
Suite 110
Palo Alto, CA 94306

2. Employees may confidentially and anonymously submit concerns regarding questionable accounting or auditing matters in one of the following three ways:

- Anonymous electronic mail through Digital Video Systems' intranet website; Designated phone number; or

- Regular mail as set forth above.

3. The methods of submitting complaints shall be published on Digital Video Systems' external and internal websites in such manner as Mike Hoberg, in consultation with the Audit Committee, deems appropriate

4. Larissa Licea shall receive all complaints and coordinate their treatment as set forth below.

Treatment of Complaints

1. All complaints received shall be entered on an accounting and auditing matters log, which shall include, among other things, information regarding the date the complaint was received, a description of the complaint, the submitter (if provided), whether the complaint is accounting or auditing related (and if not, where the complaint was forwarded), and the status and disposition of an investigation of the complaint. Receipt of the complaint will be acknowledged to the sender, when possible.

2. Non-accounting or –auditing complaints will be forwarded to the appropriate person or department for investigation (e.g., Human Resources), unless the Larissa Licea deems other treatment is necessary (e.g., such complaint involves a finance employee or executive officer).

3. Complaints regarding accounting or auditing matters that the Mike Hoberg deems material (e.g., allegations against executive officers) shall be immediately reported to the Audit Committee. The Audit Committee shall direct and oversee an investigation of such complaints as it determines to be appropriate

4. Complaints regarding accounting or auditing matters that the Larissa Licea deems not material shall be reviewed under the direction and oversight of the Mike Hoberg, who will involve

such other parties (e.g., members of the Finance Department or outside advisors) as deemed appropriate. Mike Hoberg shall provide the Audit Committee with a quarterly report of all complaints received and an update of pending investigations. The Audit Committee may request special treatment for any complaint addressed to them and may assume the direction and oversight of an investigation of any such complaint.

5. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

6. In all cases, prompt and appropriate corrective action shall be taken as determined by the Audit Committee.

7. Reprisal, threats, retribution or retaliation in any way against any person who has in good faith made a complaint or reported a concern, or against any person who assists in any investigation or process with respect to such a complaint or concern, is prohibited.

8. When possible, the Larissa Licea or Audit Committee will report the results of any investigation regarding a complaint, including any corrective actions taken, to the person making the complaint.

Retention of Complaints

Larissa Licea shall retain written complaints, the accounting and auditing matters log and all related documentation as required under applicable law.