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11-03-1998

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LYU.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

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To the Honorable Commissioner of

100866300

attached original documents or copy thereof.

## 1. Name of conveying party(ies):

Charles F. Alcocer, a/k/a  
Dr. Charles F. Alcocer

10-19-98

☒ Individual(s)☐ Association☐ General Partnership☐ Limited Partnership☐ Corporation-State☐ OtherAdditional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

## 3. Nature of conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of Name☐ Other

Execution Date: April 6, 1994

## 2. Name and address of receiving party(ies)

Name: ENERGY PROPERTIES PARTNERSHIP

Internal Address: P.O. Box 53564

Street Address: 1724 E. Milton Road

City: Lafayette State: LA ZIP: 70505

☐ Individual(s) citizenship☐ Association☒ General Partnership☐ Limited Partnership☐ Corporation-State☐ OtherIf assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No

(Designations must be a separate document from assignment)

Additional name(s) & address(es) attached? ☐ Yes ☐ No

## 4. Application number(s) or patent number(s):

08, 206, 458

Trademark Application No.(s)

Patent Application #08/206,458

B. Trademark Registration No.(s)

Additional numbers attached? ☐ Yes ☒ No

## 5. Name and address of party to whom correspondence concerning document should be mailed:

Name: GERALD C. deLAUNAY

Internal Address: P. O. Box 53597

Lafayette, LA 70505

Street Address: 225 La Rue France

City: Lafayette State: LA ZIP: 70508

## 6. Total number of applications and registrations involved:

1

7. Total fee (37 CFR 3.41).....\$ 40.00

☒ Enclosed☐ Authorized to be charged to deposit account

## 8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

11/03/1998 00000002 08206458

01 12/12/98 Statement and signature. 40.00

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

GERALD C. deLAUNAY

Name of Person Signing

Signature

10/12/98

Date

Total number of pages including cover sheet, attachments, and document:

12

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231PATENT  
REEL: 009545 FRAME: 0782

COMMERCIAL SECURITY AGREEMENT

This Commercial Security Agreement (the "Agreement") is entered as of the date hereinafter set forth by and between:

ENERGY PROPERTIES PARTNERSHIP (the "Secured Party"), a Louisiana partnership, having its principal place of business in Lafayette Parish, Louisiana, represented herein by Michael P. Maraist, its duly authorized Agent, and

CHARLES F. ALCOCER (the "Debtor"), an individual domiciled in Lafayette Parish, Louisiana,

under the following terms and conditions:

**SECTION 1. GRANT OF SECURITY INTEREST.** For value received and in order to secure the prompt and punctual payment and satisfaction of the Obligations as defined hereinafter, the Debtor does by these presents hereby grant a continuing security interest in favor of the Secured Party as affecting the Collateral described in the Description of Collateral (Section 3) section of this Agreement and agrees with the Secured Party as hereinafter provided. The security interest granted in the Collateral described in the Description of Collateral section of this Agreement in favor of the Secured Party will continue until such time as all of the Obligations as defined hereinafter are fully paid and satisfied and this Agreement is cancelled or terminated by the Secured Party under a written cancellation instrument.

**SECTION 2. OBLIGATIONS SECURED.** The security interest granted herein is granted to secure the prompt and punctual payment and satisfaction of all of the obligations of Magna-Flux Corporation under and pursuant to that certain Agreement between Lender and Magna-Flux Corporation, a Texas corporation, executed contemporaneously with this Agreement, including, without limitation, the obligations of Magna-Flux Corporation to repay any and all "investments" made by the Secured Party pursuant to that Agreement, including the sums to be loaned totalling \$109,800 as set forth therein, as well as any additional investment made by the Secured Party in connection with the venture described therein. The obligations secured as described herein and in the Agreement are hereinafter referred to as the "Obligations." The Obligations shall include without limitation any and all present and future advances, loans, extensions of credit or other financial accommodations obtained and/or to be obtained by Magna-Flux Corporation (sometimes referred to herein as the "Borrower") from the Secured Party, as well as the successors and assigns of the Secured Party, from time to time, one or more times, now or in the future, any and all promissory notes or other instruments or agreements evidencing such present or future loans, loan advances,

extensions of credit and/or other obligations and liabilities that Magna-Flux Corporation, the Borrower, may now and/or in the future owe or incur in favor of the Secured Party. The obligations secured shall also include any advances or expenditures made by the Secured Party for expenses incurred by the Secured Party in protection or in furtherance of its rights under the Agreement.

**SECTION 3. DESCRIPTION OF COLLATERAL.** Any and all of Debtor's right, title and interest, including present and future right, title and interest, in and to that certain United States Patent Application made by the Debtor and referred to as an "Electromagnetic Fluid Conditioning Apparatus and Method", said Patent Application having been made by Debtor on or about March 3, 1994, as well as the technology described therein, any patents issued as a result of the Patent Application or the technology described therein, and any improvements, modifications or substitutions in and to said technology, and any and all patent or patent applications that may be made or obtained with respect thereto.

**SECTION 4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR.** Debtor represents and warrants as follows:

**A. Use of the Collateral.** The Collateral will be licensed to and used by Magna-Flux Corporation, the Borrower, for business use.

**B. Ownership; No Encumbrances.** Except for the security interest granted hereby, the Debtor is, and as to any property acquired after the date hereof which is included within the Collateral, Debtor will be, the owner of all such Collateral free and clear from all charges, liens, security interests, adverse claims and encumbrances of every nature whatsoever, except the license granted to and in favor of Magna-Flux Corporation.

**SECTION 5. PROHIBITIONS REGARDING THE COLLATERAL:** So long as this Agreement remains in effect, and to the extent applicable, Debtor agrees not to, without the prior written consent of Secured Party: (a) sell, assign, transfer, convey, option, mortgage or lease the Collateral; (b) grant or permit any lien, encumbrance or other security interest to be placed on or attached to the Collateral; (c) grant any license or other rights with respect to the collateral to any party other than Magna-Flux Corporation; (d) do any thing or permit any thing to be done that may in any way impair the security interest and rights of the Secured Party in and to the Collateral; or (e) modify, adjust, compromise, settle, waive or forego any rights that Debtor may have with regard to the Collateral.

**SECTION 6. GENERAL COVENANTS:** Debtor covenants and agrees as follows:

A. **Operation of the Collateral.** Debtor agrees to maintain and use the Collateral solely in the conduct of its own business, in a careful and proper manner, and in conformity with all applicable laws, ordinances, regulations, permits and licenses. Debtor shall comply in all respects with all applicable statutes, laws, ordinances and regulations.

B. **Notices and Reports; Records.** Debtor shall promptly notify Secured Party in writing of any change in the name, identity or structure of Debtor, any charge, lien, security interest, claim or encumbrance asserted against the Collateral, any litigation against Debtor or the Collateral, any theft, loss, injury or similar incident involving the Collateral, and any other material matter adversely affecting Debtor or the Collateral. Debtor shall furnish such other reports, information and data regarding Debtor's financial condition and operations, the Collateral and such other matters as Secured Party may request from time to time. Debtor will keep proper books and records with regard to the business activities of Debtor and the Collateral subject to this Agreement.

C. **Additional Filings.** Debtor agrees to execute and deliver such financing statement or statements, or amendments thereof or supplements thereto, or other documents as Secured Party may from time to time require in order to comply with the Commercial Laws of Louisiana, the Uniform Commercial Code (or other applicable state law of the jurisdiction where any of the Collateral is located) and to preserve and protect the Secured Party's rights to the Collateral.

**SECTION 7. EVENTS OF DEFAULT:** Debtor shall be in default hereunder upon the happening of any of the following events or conditions:

A. Failure of the Borrower to pay the principal of or any installment of the principal of the Obligations when due, or failure to pay any interest on the Obligations when due;

B. If any representation or warranty made in this Agreement or in any certificate, financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been untrue or misleading in any material respect when made;

C. Default in the observance or performance of any covenant or agreement contained in this Agreement;

D. If either Borrower or Debtor shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to it or its debts; or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, or either Borrower or Debtor shall make a general assignment for the benefit of its creditors; or (iii) there shall be commenced against either Borrower or Debtor, any case, proceeding or other action of a nature referred to in clauses (i) or (ii) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property, which case, proceeding or other action results in the entry of an order for relief or remains undismissed, undischarged or unbonded for a period of 60 days; or (iv) either Borrower or Debtor shall take any action indicating its consent to, approval of, or acquiescence in, or in furtherance of, any of the acts set forth in clauses (i), (ii) or (iii) above; or (v) either Borrower or Debtor shall generally not, or shall be unable to, pay its debts as they become due or shall admit in writing its inability to pay its debts;

**SECTION 8. REMEDIES:** Upon the occurrence of any event of default, or if Secured Party deems payment of the Obligations to be insecure, Secured Party, at its option, shall be entitled to exercise any one or more of the following remedies (all of which are cumulative):

A. **Declare Obligations Due.** Secured Party, at its option, may declare the Obligations or any part thereof immediately due and payable, without demand, notice of intention to accelerate, notice of acceleration, notice of nonpayment, presentment, protest, notice of dishonor, or any other notice whatsoever, all of which are hereby waived by Debtor and any maker, endorser, guarantor, surety or other party liable in any capacity for any of the Obligations.

B. **Default Remedies.** Should any event of default occur, and in addition to the rights of Secured Party with respect to possessory collateral, Secured Party shall have the right, at its sole discretion, to accelerate payment of all amounts that either Borrower or Debtor may then owe to Secured Party, which will then entitle Secured Party to foreclose under this Agreement

under ordinary or executory process procedures, and to cause the Collateral to be immediately seized wherever found, and sold with or without appraisal, in regular session of court or in vacation, in accordance with applicable Louisiana law, without the necessity of further demanding payment from either Borrower or Debtor, or of notifying either Borrower or Debtor, or placing either Borrower or Debtor in default. For purposes of foreclosure under Louisiana executory process procedures (but not to create any personal liability for any money judgment), Debtor confesses judgment and acknowledges to be indebted to Secured Party up to the full amount of the Obligations, in principal, interest, costs, expenses, attorney's fees and other fees and charges, and all other amounts secured by this Agreement. To the extent permitted under applicable Louisiana law, Debtor additionally: (A) waives any benefit of appraisal as provided under Articles 2332, 2336, 2723 and 2724 of the Louisiana Code of Civil Procedure, and all other laws with regard to appraisal upon judicial sale, recognizing that no appraisal shall be required prior to sale; (B) waives the demand and three days' delay as provided under Articles 2639 and 2721 of the Louisiana Code of Civil Procedure; (C) waives the notice of seizure as provided under Articles 2293 and 2721 of the Louisiana Code of Civil Procedure; (D) waives the three (3) days' delay provided under Articles 2331 and 2722 of the Louisiana Code of Civil Procedure; and (E) waives all other benefits provided under Articles 2331, 2722 and 2723 of the Louisiana Code of Civil Procedure and all other Articles not specifically mentioned above. Debtor further agrees that any declaration of fact made by authentic act before a Notary Public by a person declaring that such facts are within his or her knowledge shall constitute authentic evidence of such facts for purposes of foreclosure under applicable Louisiana law, Debtor further agrees that Secured Party may appoint a keeper of the Collateral in the event of foreclosure.

Should the Collateral for any reason be located in another state at or following any default under the Obligations or under this Agreement, or should there be a subsequent change in Louisiana law permitting self-help remedies with regard to non-possessory collateral, Debtor agrees that Secured Party may take possession of the Collateral in any manner then permitted under the laws of the state in which the Collateral is then located or under the laws of Louisiana as then applicable. Should Secured Party for any reason have or acquire possession of the Collateral at or following default, Secured Party may sell the Collateral at public or private sale as authorized by

Louisiana law or the applicable provisions of the Uniform Commercial Code or similar laws in effect in the state where the Collateral is then located. If Secured Party is required by law to give Debtor notice of the public or private sale of the Collateral, Debtor agrees that the requirements of reasonable notice shall be met if the Secured Party mails such notice to Debtor at Debtor's address as shown in this Agreement at least ten (10) days before the time of any public sale or, if disposition is by private sale, at least ten (10) days before the time after which private sale may occur. If public sale is held, there will be sufficient compliance with all requirements of notice to the public by a single publication in a newspaper in general circulation in the parish or county where the Collateral is then located. This notice should include the time and place of sale, and a brief description of the property to be sold.

C. **Proceeds; Surplus; Deficiencies.** Secured Party may apply any proceeds derived or to be derived from the sale, collection or other disposition of the Collateral first to the reimbursement of any expenses incurred by Secured Party in connection therewith, including the fees of Secured Party's attorney and court costs; and then to the payment of any additional sums that Secured Party may advance on Debtor's and/or Borrower's behalf under this Agreement, together with interest thereon at the rate of eighteen (18%) percent per annum; and then to the payment of the Obligations in such order and with such priority as Secured Party may determine within its sole discretion. Debtor shall be entitled to any surplus if one results after application of the proceeds and the debtors to the obligations shall remain liable for any deficiency.

D. **Expenses.** Borrower shall be liable for and agrees to pay on demand the reasonable expenses incurred by Secured Party in enforcing its rights and remedies, in retaking, holding, testing, repairing, improving, selling, leasing or disposing of the Collateral, or like expenses, including, without limitation, attorney's fees and legal expenses incurred by Secured Party. These expenses, together with interest thereon at the rate of eighteen (18%) percent per annum from the date incurred until paid by Debtor, which Debtor agrees to pay, shall constitute additional Obligations and shall be secured by and entitled to the benefits of this Agreement.

E. **Remedies Cumulative.** The rights and remedies of Secured Party are cumulative and the exercise of any one or more of the rights or remedies shall not be deemed an election of rights or remedies or a waiver of any other right or remedy. Debtor agrees that nothing under this

Agreement shall limit or restrict the remedies available to Secured Party following any event of default. Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

**SECTION 9. PROTECTION OF SECURED PARTY'S SECURITY RIGHTS:** Debtor agrees to be fully responsible for any losses that Secured Party may suffer as a result of anyone other than Secured Party asserting any rights or interest in the Collateral. Debtor further agrees to appear in and defend all actions and proceedings purporting to affect Secured Party's security rights and interest. Should Debtor fail to do what is required of it under this Agreement, or if any action or proceeding is commenced naming Secured Party as a party, or affecting Secured Party's security interest, or the rights and powers granted under this Agreement, then Secured Party may, without releasing Debtor from any of its obligations, do whatever Secured Party believes is necessary and proper within its sole discretion, including advancing additional sums on Debtor's behalf as provided herein, to protect Secured Party's security rights and interests.

**SECTION 10. OTHER AGREEMENTS:**

**A. Use of Copies.** Any carbon, photographic or other reproduction of this Security Agreement or any financing statement signed by Debtor is sufficient as a financing statement for all purposes, including without limitation, filing in any state as may be permitted by the provisions of the Uniform Commercial Code of such state. Debtor agrees that Secured Party may file a carbon, photographic, facsimile or other type of copy of this Agreement, or of a UCC Financing Statement, in lieu of filing an original containing the signature of Debtor or of Debtor's duly authorized representative.

**B. Notices.** Any notice or demand given by Secured Party to Debtor in connection with this Agreement, the Collateral or the Obligations shall be deemed given and effective upon deposit in the United States mail, postage prepaid, addressed to Debtor at the address of Debtor designated at the beginning of this Agreement. Actual notice to Debtor shall always be effective no matter how given or received.

**C. Headings and Gender.** Paragraph headings in this Agreement are for convenience only and shall be given no meaning or significance in interpreting this Agreement. All words used herein shall be construed to be of such gender or number as the circumstances require.

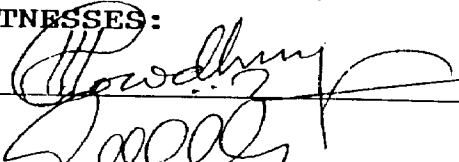


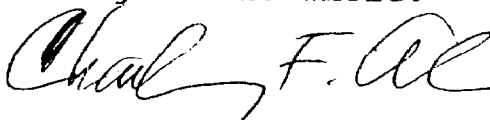
D. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Louisiana.

E. **Exemptions from Seizure.** In entering into this Agreement, Debtor is, to the extent applicable, waiving any exemption from seizure with regard to the Collateral to which Debtor may be entitled under applicable Louisiana law and the laws of the United States.

**SIGNATURES:** IN WITNESS WHEREOF, this Agreement is executed by the Debtor at Lafayette, Louisiana on this 6 day of April, 1994, in the presence of the undersigned two competent witnesses after due reading of the whole.

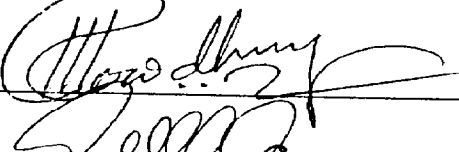
**WITNESSES:**

  
\_\_\_\_\_

  
\_\_\_\_\_  
CHARLES F. ALCOCER

IN WITNESS WHEREOF, this Agreement is executed by the Secured party at Lafayette, Louisiana on this 6<sup>th</sup> day of April, 1994, in the presence of the undersigned two competent witnesses after due reading of the whole.

**WITNESSES:**

  
\_\_\_\_\_

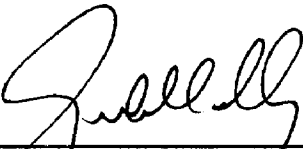
ENERGY PROPERTIES  
PARTNERSHIP

By:

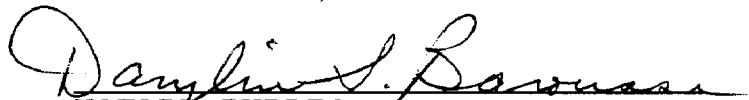
  
MICHAEL P. MARAIST

**AFFIDAVIT OF AUTHENTICITY**

**BEFORE ME**, the undersigned Notary Public, personally came and appeared **GERALD C. deLAUNAY**, to me personally known, who upon being duly sworn did depose and state that he is one of the witnesses to the signatures of Charles F. Alcocer and Energy Properties Partnership, through Michael P. Maraist, on that certain Commercial Security Agreement dated April 6, 1994, a copy of which is attached hereto. Appearer declares that the attached copy is a true, correct and authentic copy of the original of said Commercial Security Agreement.

  
\_\_\_\_\_  
GERALD C. deLAUNAY

SWORN TO AND SUBSCRIBED before me this October 12, 1998.

  
\_\_\_\_\_  
NOTARY PUBLIC

This FINANCING STATEMENT is presented for filing pursuant to Chapter 9 of the Louisiana Commercial Laws

DEBTOR (LAST NAME, FIRST, MIDDLE -- IF AN INDIVIDUAL)

1B. SS# OR EMPLOYER I. D. NO.

440-76-3186

1C. MAILING ADDRESS

220 INDUSTRIAL PARKWAY, LAFAYETTE, LA 70508

2A. ADDITIONAL DEBTOR (IF ANY) (LAST NAME, FIRST, MIDDLE -- IF AN INDIVIDUAL)

2B. SS# OR EMPLOYER I. D. NO.

2C. MAILING ADDRESS

3A. ADDITIONAL DEBTOR OR DEBTOR'S TRADE NAMES OR STYLES (IF ANY)

3B. SS# OR EMPLOYER I. D. NO.

3C. MAILING ADDRESS

SECURED PARTY INFORMATION

4A. SECURED PARTY

ENERGY PROPERTIES PARTNERSHIP

4B. SS# OR EMPLOYER I. D. NO.

72-1161195

4C. MAILING ADDRESS

P. O. Box 53564, Lafayette, LA 70505

5A. ASSIGNEE OF SECURED PARTY (IF ANY)

5B. SS# OR EMPLOYER I. D. NO.

5C. MAILING ADDRESS

PROPERTY INFORMATION

6A. This FINANCING STATEMENT covers the following types or items of property:

Any and all rights of Dr. Charles F. Alcocer in and to the technology covered by the patent application entitled "Electromagnetic Fluid Conditioning Apparatus Method" filed on or about March 3, 1994, as well as any improvements or modifications to said technology, and any and all patents issued in connection therewith.

6B. ☐ Products of collateral are also covered.

7A. Check if applicable and attach legal description of real property:

- ☐ Fixture filing under R.S. 10:9-313  
☐ Minerals or the like (including oil and gas) or accounts subject to R. S. 10:9-103(5) will be financed at the wellhead or minehead of the well or mine.  
☐ The debtor(s) do not have an interest of record in the real property. (Enter name and social security /employer I.D. number of an owner of record in 7B and 7C)

7B. OWNER OF REAL PROPERTY (If other than named debtor) (Enter name and SS#/employer I.D. number of an owner of record)

7C. SS# OR EMPLOYER I. D. NO.

8A. This statement is filed without the debtor's signature to perfect a security interest in collateral (check ☒ if so):

- ☐ already subject to a security interest in another jurisdiction when it was brought into this state or debtor's location changed to this state.  
☐ which is proceeds of the original collateral described above in which a security interest was perfected.  
☐ as to which the filing has lapsed.  
☐ acquired after a change of debtor's name, identity or corporate structure AND social security or employer I.D. number.

8B. ☐ Debtor is a Transmitting Utility. Filing is effective until terminated pursuant R.S.10:9-403(8).

9. SIGNATURE(S) OF DEBTOR(S)

Charles F. Alcocer

10. SIGNATURE(S) OF SECURED PARTY(IES) (if applicable)

Gerald C. deLaunay

11. Return copy to:

NAME

ADDRESS

GERALD C. deLAUNAY

CITY, STATE

P. O. Box 53597

ZIP CODE

Lafayette, LA 70505

12. THIS SPACE FOR USE OF FILING OFFICER  
(DATE, TIME, ENTRY # AND FILING OFFICER)

13. Number of additional sheets presented

0