

05-25-1999



To the Honorable Commission...

101043683

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

Katrix, Inc.

Additional name(s) of conveying party(ies) attached?

☐ Yes ☒ No

## 3. Nature of Conveyance:

☐ Assignment☐ Merger☒ Security Agreement☐ Change of Name☐ Other \_\_\_\_\_Execution Date: February 4, 1999

## U.S. DEPARTMENT OF COMMERCE

Patent and Trademark Office

Attached original documents on copy thereof...

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

Name: Investech Holdings Associates

Internal Address: \_\_\_\_\_

Street Address: 5 Holly CircleCity/State/Zip: Monsey, New York 10952

Additional name(s) &amp; address(es) attached?

☐ Yes ☒ No

## 4. Application number(s) or patent number(s): If this document is being filed together with a new application,

the execution date of the application is: \_\_\_\_\_

## A. Patent Application No.(s)

Serial Nos. 08/828,490; Filed March 31, 1997

08/828,491; Filed: March 31, 1997

08/828,493; Filed March 31, 1997

PCT/US97/05513 ; Filed March 31, 1997

Additional numbers attached? ☐ Yes ☒ No

## B. Patent No.(s)

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

Name: Robert D. KatzInternal Address: COOPER & DUNHAM, LLPStreet Address: 1185 Avenue of the AmericasCity/State/Zip: New York, New York 100366. Total number of applications and patents involved: 47. Total fee (37 CFR 3.41): ..... \$ 160.00☒ Enclosed☐ Authorized to be charged to deposit account

## 8. Deposit account number:

03-3125

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

## DO NOT USE THIS SPACE

## 9. Statement and signature.

*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.*

Robert D. Katz (Reg. No. 30,141)

Name

Signature

Date

Total number of pages including cover sheet, attachments and document ment: 10

05/24/1999 JSHABAZZ 00000206 08828490

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OMB No. 0651-0011 (exp. 4/94)

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patents and Trademarks, Box Assignments  
Washington, D.C. 20231

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (hereinafter "Security Agreement"), dated as of February 4, 1999, between KATRIX INC., a Delaware corporation ("Debtor") and INVESTECH HOLDINGS ASSOCIATES, a New York partnership (the "Secured Party").

### W I T N E S S E T H:

IN CONSIDERATION OF and in order to secure the payment of a Secured Promissory Note (the "Note") in the amount of \$350,000, and any other amounts payable thereunder (all hereinafter called the "obligations"), on the date provided in the Note (the "Due Date"), Debtor hereby grants and conveys to the Secured Party a security interest in, and mortgages to the Secured Party, and does hereby transfer, pledge, hypothecate and assign to Secured Party, all of its right, title and interest in the all of the following Collateral ("Collateral"):

(i) all accounts, goods, fixtures, agreements, instruments, documents, chattel paper (as such terms are defined in Article 9 of the Uniform Commercial Code of the state in which the Collateral is located, as such Code is now in existence or hereafter amended (hereinafter, the "Code")) and motor vehicles, whether now owned or hereafter created or acquired by the Debtor, wherever located, and all replacements and substitutions therefor, accessions thereto, products and proceeds thereof. Without limiting the generality of the foregoing: the term "accounts" includes all accounts, accounts receivable, purchase orders, orders, notes, bills, contract rights, chattel paper, instruments, documents and any and all other forms of obligations, whether secured or unsecured, all proceeds thereof and all rights of the Debtor as to any merchandise which is represented thereby and all books and records of Debtor with respect thereto; and the term "goods" includes all money, machinery and equipment, substitutions, accretions, component parts, replacements thereof and additions thereto, as well as to all accessories, auxiliary parts used in connection with or attached thereto and any packing material in which such goods may be contained, and all furniture, furnishings and fixtures, and all inventory, including all products and goods intended for sale or lease, or to be furnished under contracts of service, work in process and raw materials, and all materials and supplies of every nature used or usable in connection with the development, packing, shipping, advertising, selling, leasing or furnishing of such goods; and

(ii) all general intangibles (as such term is defined in Article 9 of the Code) now owned or hereafter acquired or created (including but not limited to all trademarks, goodwill, patents, tradenames, copyrights, designs, customer lists, books and records, processes and trade secrets),

together with all applications, renewals, replacements and substitutions therefor or accessions thereto, all rights accruing therefrom and all proceeds thereof, including but not limited to all United States and foreign patents and patent applications and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof ("Patents"), whether now owned or which may arise from time to time in the future.

Secured Party does not hereby assume nor shall it become liable for the performance of any obligation or duty with regard to any Collateral.

Debtor hereby represents and warrants to Secured Party as follows:

(a) There are no liens, pledges, security interests or other encumbrances on any of the Collateral which are prior to the security interests granted hereunder.

(b) As to the Collateral: (i) the Collateral is presently located at the Debtor's address set forth hereinbelow, and Debtor will notify Secured Party in writing thirty (30) days prior to the movement of the Collateral to any new location; (ii) Debtor will at its own cost and expense keep the Collateral in good repair; (iii) Debtor will not sell, exchange, lease, or otherwise dispose of the Collateral (except for transactions in the ordinary course of business); (iv) Debtor will insure the Collateral in the name of the Secured Party, as an additional insured, against any loss or damage by fire, theft, burglary, pilferage and other hazards and if Debtor fails to do so, Secured Party may procure such insurance and charge the cost to Debtor; and (v) Debtor shall comply in all material respects with the terms and conditions of any leases covering the premises where the Collateral is located and any orders, ordinances, laws or statutes of any state or municipal or governmental department having jurisdiction with respect to such premises or the conduct of business thereon; the failure to comply with which would have a material adverse effect upon the Debtor's business.

(c) Debtor's chief place of business is presently located at 31 Airpark Road, Princeton, NJ 08540, and Debtor will notify Secured Party in writing promptly of any change in the location of Debtor's chief place of business, and execute any further documents necessary to perfect Secured Parties rights upon any such change.

Debtor agrees to take such further action and to execute such additional agreements, documents and instruments as Secured Party shall reasonably request to effectuate or confirm the security interests granted hereunder. Debtor will at its own expense from time to time execute, file and record (it being

understood and agreed that Secured Party shall have the right, in its discretion to file and record any of the same) such financing statements and documents and take such action, including without limitation, segregation of records, as Secured Party shall reasonably request to create and maintain the priority and status of the security interests created hereunder. Debtor will defend the Collateral against dilution and all claims and clear of all attachments, levies, taxes, liens, security interests and encumbrances of any kind and nature except as permitted hereunder. Debtor will furnish Secured Party from time to time upon request with written statements and schedules identifying and describing the Collateral in such detail as Secured Party may reasonably require.

During the term of this agreement, Debtor shall not grant any additional security interest in any Collateral to anyone other than Secured Party, nor shall it sell, lease, assign, pledge or encumber or transfer in any way any of the Collateral except for licensing in the ordinary course of business prior to, and in the absence of, any Event of Default. Debtor will not change its name, identity or structure without giving Secured Party thirty (30) days prior written notice thereof, and shall, in connection with any such change, execute and deliver to Secured Party all such additional agreements, financing statements and other documents as Secured Party shall reasonably require. This provision shall not be deemed to constitute consent to any change of identity or structure.

If at any time all or any part of the principal amount of the Note shall be due and payable, or upon any Event of Default (as such term is defined in the Note or the Loan Agreement between Secured Party and Debtor or even date herewith), Secured Party itself or by its attorney may exercise with respect to the Collateral all of the rights and remedies set forth herein or otherwise available to a secured party under the applicable provisions of the Uniform Commercial Code, or any other applicable law (including, without limitation, the right to appoint a receiver to take possession of the Collateral and, without notice to or demand upon Debtor, to make such payments and do such acts as Secured Party considers necessary or reasonable to protect its security interest in the Collateral) and, in conjunction with or in addition to such rights and remedies available at law or in equity or otherwise provided under this Agreement:

(a) Marshaling, etc. Secured Party shall not be required to make any demand upon or pursue any of its rights or remedies against Debtor or others with respect to the payment or performance of the obligations secured hereby, or to pursue or exhaust any of its rights or remedies with respect to any of the Collateral. Secured Party shall not be required to marshal the Collateral or secured obligations or to resort to the Collateral in any particular order and

all of its rights hereunder shall be cumulative. To the extent not prohibited by applicable law, Debtor hereby agrees to waive and relinquish the benefit and advantage of, and hereby covenants not to assert against Secured Party, any present or future valuation, stay, appraisement, extension or redemption laws which, but for this provision, might be applicable to any sale or assignment made under any judgement, order or decree of any court, or privately under the power of sale and assignment conferred by this agreement or in respect of any of the Collateral. Without limiting the generality of the foregoing, Debtor hereby agrees that it will not invoke or utilize and hereby waives any law which may delay or impede the enforcement of Secured Party's rights under this agreement. In addition, to the extent not prohibited by applicable law, Debtor hereby waives any right to prior notice (except to the extent expressly provided in this agreement) or judicial hearing in connection with the taking possession or the disposition of any of the Collateral.

(b) Sales and Assignments of the Collateral. Any item of Collateral may be sold or assigned by the Secured Party or its designee, for cash or other value in any number of lots at public or private sale without demand, advertisement or notice (excepting only that Secured Party shall give the Debtor ten (10) days prior written notice of the time and place of any public sale or of the time after which a private sale may be made, which notice the Debtor hereby agrees is reasonable). At any sale or sales of the Collateral (except at private sale) Secured Party may bid for and purchase the whole or any part of the property and rights so sold and upon compliance with the terms of such sale may hold, exploit and dispose of such property and rights without further accountability to Debtor except for the proceeds of such sale or sales. Debtor will execute and deliver, or cause to be executed and delivered, such instruments, documents, assignments, waivers, certificates and affidavits and supply or cause to be supplied such further information and take such further action as Secured Party shall require in connection with such sale or assignment.

(c) Application of Proceeds. The proceeds of all sales and collections, and any other monies the application of which is not otherwise herein provided for, shall be applied as follows:

(i) First, to the payment of the costs and expenses of such sale or sales and collections and the reasonable compensation of Secured Party and of its counsel;

(ii) Second, any surplus then remaining to the payment of any Obligations in such order and manner as Secured Party may determine;

(iii) Third, to the payment of any other amounts required by applicable law, including without limitation, Section 9-504(1)(c) of the Code; and

(iv) Fourth, any surplus then remaining shall be paid over (subject to the rights of third parties) to the Debtor or for its account.

(d) Accounts. Upon an occurrence of an event of default under the Note, Secured Party shall have the right to notify account debtors directly of its interest in accounts and collect same directly and to have access to inspect, audit and make extracts from all of Debtor's records, files and books of account. Debtor hereby appoints any officer of Secured Party or any other person designated by it with power: to endorse Debtor's name on any checks, notes, acceptances, money orders, drafts or other forms of payment which may come into Secured Party's possession; to sign Debtor's name on any invoices or bills of lading relating to any accounts, on financing statements under the Code or other public records on verification of accounts and on notices to customers; to notify the post office authorities to change Debtor's address for delivery of mail to an address designated by Secured Party; to receive, open and dispose of all mail addressed to Debtor and to do all other things Secured Party deems necessary to carry out its rights as a Secured Party. This power being coupled with an interest is irrevocable so long as any monies remain due under the Note.

(e) Possession and Assembly. Upon an occurrence of an event of default under the Note, Secured Party shall have the right, at Debtor's cost and expense, to take possession of the Collateral (and of the indicia of the Collateral, in the case of general intangibles) and maintain such possession on Debtor's premises, or to remove the Collateral or any part thereof to such other premises as Secured Party may desire. Upon Secured Party's request, Debtor shall, at Debtor's cost and expense, assemble the Collateral and make it available to Secured Party at a place reasonably designated by it.

(f) Power of Attorney: In connection with the foregoing, the Debtor hereby authorizes and appoints the Secured Party, its principal(s), and/or assignees,

and the designee(s) or agent(s) of any of the foregoing as its attorney-in-fact, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to Debtor, to notify the Post Office authorities to change the address for delivery of mail addressed to Debtor to such address as the aforesaid attorney in fact may designate; to endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into the Secured Party's possession; to execute and deliver to the United States Patent and Trademark Office an assignment or assignments of any and all Patents, applications therefor, or rights relating thereto; and to execute and deliver, in the name and on behalf of such party, financing statements on form UCC-1 or otherwise, as well as any and all such documents, instrument or notices described in this paragraph or otherwise as may be necessary or appropriate to effect the purposes of this Agreement. The foregoing grant shall be deemed a power of attorney coupled with an interest, shall be irrevocable and shall survive the death, disability, incompetence or bankruptcy of such party.

(g) Waiver: Debtor waives trial by jury and the right to interpose any counterclaim, set-off or defense (including, but not limited, to laches) of any kind in any action hereunder; provided, however, that Debtor may interpose defenses raised in good faith to any demand for payment after acceleration under the Note.

(h) Secured Party's rights and remedies under this Agreement and all other agreements shall be cumulative. Secured Party shall have all other rights and remedies not inconsistent herewith as provided under the Uniform Commercial Code, by law, or in equity. No exercise by Secured Party of one right or remedy shall be deemed an election, and no waiver by Secured Party of any default on Debtor's part shall be deemed a continuing waiver. No delay by Secured Party shall constitute a waiver, election or acquiescence by it.

Any provision hereof, or payment required hereunder, may be waived or modified only by a written instrument making specific reference to this Security Agreement, signed by the Secured Party. Any waiver of any provision hereof, or payment required hereunder, shall not be construed to be a waiver of any subsequent performance required hereunder.

The undersigned further agrees to pay all costs of collection, attorney's fees and expenses, in the event the

principal of the Note, any payment of interest, or any other payment required under the Note or this Agreement, is not paid when specified herein, or any replacement or renewal thereof, or to collect or protect any collateral securing the Note, whether suit be brought or not.

In the event the Note is negotiated, endorsed or assigned to any party, such party shall not be subject to (and the undersigned hereby expressly waives as against such party) any defenses set-offs, counterclaims or other objections to the payment of the Note. Such party shall also have all the rights and remedies of a holder in due course.

The undersigned represents and agrees that the loan evidenced by the Note (including all payments and fees that have been and may be paid in connection therewith, with or without the occurrence of an Event of Default, default, failure to pay or collection), is not usurious under federal law or the law of any state, and no defense to the payment thereto may be made.

This Security Agreement shall be governed by the laws of the State of New York applicable to transactions to be wholly performed within such State. The undersigned hereby consents that any action brought to enforce or collect this Note may be instituted in a federal or state court within the State of New Jersey or New York, as may be chosen by the Secured Party, in its sole discretion, and hereby consents to the jurisdiction of any court described in this paragraph. The undersigned waives trial by jury and the right to interpose any counterclaim or set-off of any kind in any action in which enforcement or collection of the Note is sought.

Subject to the terms and provisions hereof, all notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if and when delivered by hand or mailed, certified, registered or express mail, with postage prepaid, or faxed, as follows; provided, however, that nothing contained in this paragraph shall be construed to require notice to be given where the terms of this Security Agreement of the Note do not require notice:

If to the Secured Party:

INVESTTECH HOLDINGS ASSOCIATES  
5 Holly Circle  
Monsey, New York 10952.  
Attention: Mr. R. Rohinsky  
Fax No: (914) 352-4632



If to the Debtor:

KATRIX INC.  
31 Airpark Road  
Princeton, NJ 08540  
Attention: Mr. William Franzblau  
Fax No: (609) 921-7547

or such other person or address as the above-named parties shall furnish to the other parties hereto by notice in writing. Any such notice or other communication shall be deemed to have been given and received on the day it is personally delivered, or if mailed, on the third day after it is mailed as aforesaid.

This Agreement shall terminate and be of no further force and effect when all amounts payable under the Note have been paid to Secured Party, whereupon Secured Party shall execute and deliver a termination statement on Form UCC-3 to Debtor, all costs of which shall be paid by Debtor.

This Security Agreement sets forth the entire agreement between the parties hereto with regard to the subject matter hereof, supercedes any and all other agreements between the parties hereto with regard to the subject matter hereof and cannot be modified except by a writing signed by the party to be charged herewith. No representations, warranties, covenants or other agreements have been made by any party hereto other than as set forth herein.

THIS AGREEMENT IS BEING SIGNED BY DEBTOR AFTER DEBTOR PARTIES HAS TAKEN PROPER LEGAL ADVICE FROM LEGAL COUNSEL. DEBTOR WAIVES THE RIGHT TO BE REPRESENTED BY COUNSEL AT THE TIME OF SIGNING. IT IS UNDERSTOOD THAT STEVEN B. ROTHSCHILD, ESQ. IS REPRESENTING THE SECURED PARTY, AND DEBTOR HAS BEEN ADVISED TO RETAIN, AND HAS REPRESENTED THAT ITS HAS RETAINED, SEPARATE AND INDEPENDENT COUNSEL, WHO REVIEWED THIS AGREEMENT, AND ADVISED DEBTOR WITH REGARD THERETO, BUT WAS UNABLE TO BE PRESENT AT SIGNING HEREOF. DEBTOR WAIVES ANY RIGHT TO OBJECT TO ANY PROVISION HEREOF BASED ON THE FOREGOING.

DEBTOR:

KATRIX INC.

By: 

William Franzblau  
Chief Executive Officer

SECURED PARTY:

INVESTECH HOLDINGS ASSOCIATES

By: 

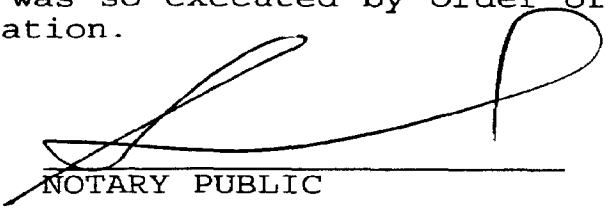
Robert Rohinsky

STATE OF NEW YORK)

) SS.:

COUNTY OF ROCKLAND )

On the 4th day of February, 1999, before me personally came William Franzblau, to me known, who, being by me duly affirmed, did depose and say that he is the Chief Executive Officer of KATRIX INC., the corporation described in and which executed the foregoing instrument; that he executed such instrument on behalf of said corporation; and that it was so executed by order of the board of directors of said corporation.



NOTARY PUBLIC

**STEVEN B. ROTHSCILD**  
Notary Public, State of New York  
Qualified in Rockland County  
Commission No. 002RO4952581  
Commission Expires June 19, 1999

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