

08-26-1999



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RECORDATION FORM COVER SHEET
PATENTS ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Tapeless Technologies, 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: January 2, 1998

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

Name: Franklin Sales and Manufacturing Co.

Internal Address:

Street Address: 1320 Airport Rd.

City: Montrose State: CO ZIP: 81401

Additional name(s) & 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)

B. Patent No.(s)

5,843,018

5,897,519

Additional numbers attached? ☐ Yes ☒ No

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

Name: Michael W. Reagor, Esq.

Internal Address:

Street Address: 8400 E. Prentice Ave.

Suite 1040

City: Englewood State: CO ZIP: 80111

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 80.00

☒ 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

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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.

Michael W. Reagor

Name of Person Signing

Signature

PATENT

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") dated as of January 2, 1998, is given by **Tapeless Technologies, Inc.**, a Colorado corporation (the "Debtor"), whose address is 18158 East Long Avenue, Aurora, Colorado 80016, to **Franklin Sales and Manufacturing Company**, a Colorado corporation (d/b/a Franklin Medical Products, Inc.), (the "Secured Party"), whose address is 1320 Airport Road, Montrose, CO 81401.

WHEREAS, Debtor and the Secured Party have entered into a Stock Purchase and Settlement Agreement (the "Agreement") of even date herewith, pursuant to which the Debtor has executed and delivered a promissory note in the amount of \$105,000, payable to the Secured Party, also of even date herewith (the "Note"); and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor and the Secured Party agree as follows:

1. Grant of Security Interest. Subject to the terms of this Security Agreement, the Debtor hereby grants Secured Party a security interest in the property described on Exhibit A attached hereto ("Collateral"). All of the foregoing now owned or hereafter acquired by the Debtor, all improvements, modifications, substitutions, products, and replacements thereof and all proceeds, distributions, and royalties derived therefrom.

2. Obligations Secured. The obligations secured hereby (the "Obligations") shall be Debtor's prompt payment and performance of all of its obligations under the Note.

3. Covenants and Warranties of Debtor. Debtor warrants, covenants, and agrees that:

(a) No financing statement, security agreement, pledge, or assignment covering any of the Collateral or any proceeds thereof exists and none is on file in any public office; and

(b) Debtor will pay and perform the Note in accordance with its terms;

(c) Debtor will execute one or more Financing Statements pursuant to the Uniform Commercial Code (and any extensions or modifications thereof) and any assignments in form satisfactory to Secured Party, and Debtor hereby appoints Secured Party its attorney-in-fact to execute any financing statements and continuation statements, and to do, at Secured Party's option and at Debtor's expense, all acts and things which Secured Party may deem necessary to perfect and continue perfected the security interest created by this Agreement;

(d) Debtor will pay all costs of filing any financing, continuation, assignment or termination statements with respect to the security interest created by this Security Agreement;

(e) Debtor will pay as they become due all taxes or other liens or claims which may become a charge against the Collateral;

(g) To the extent that the debtor, and not the Secured Party, has possession or control of the Collateral, the Debtor will maintain the Collateral in good condition and repair and will permit Secured Party to examine and inspect the Collateral at any reasonable time; and

(h) Except for sales of inventory occurring in the ordinary course of business, Debtor will not sell or offer to sell the Collateral.

4 Events of Default. The occurrence of any one or more of the following events ("Event of Default") shall constitute a default for the purposes of this Security Agreement:

(a) Debtor's failure to promptly pay or perform under the Note or a default or event of default occurs under the Note, and such failures to pay or perform or such defaults are not timely cured as provided in the Note;

(b) Debtor's use of the Collateral in material violation of any statute or ordinance;

(c) Debtor's breach of any material term, condition, representation, or covenant to be performed or observed by Debtor provided for in this Security Agreement; or

(d) If the Collateral is levied upon or seized under any levy or attachment or under any other legal process, otherwise than as the parties agree.

5 Rights of Secured Party. The Secured Party is a creditor of the Debtor, in an amount not to exceed the Debt (all as is more particularly described in the Agreement). The total obligation of the Debtor under the Agreement is intended to be secured by this Security Agreement.

6. Secured Party's Remedies. Upon the occurrence of an Event of Default, then the Secured Party shall have, in addition to all other rights and remedies given it by this Security Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, if any such breach is not cured within thirty (30) days after Debtor receives notice from the Secured Party, the Secured Party may immediately, without any further demand of performance and without other notice (except as set forth below) or demand whatsoever to the Debtor, and without advertisement, sell or assign or cause to be sold or assigned the Collateral, in whole or in part, in a

commercially-reasonable manner, for cash or upon credit as the Secured Party may deem appropriate, at public or private sale. At any public or private sale, the Secured Party may, after deducting from the proceeds of sale or other disposition of the Collateral all expenses, including all reasonable expenses for brokers' fees and legal services, apply the residue of such proceeds to the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Debtor. Notice of any sale or other disposition of the Collateral shall be given to the Debtor at least thirty (30) days before the time of any intended public or private sale or other disposition of the Collateral is to be made, which the Debtor hereby agrees shall be reasonable notice of such sale or other disposition. In connection with any such sale, the Secured Party shall have the right to impose such limitations and restrictions on the sale or assignment of the Collateral as the Secured Party may deem to be necessary or appropriate to protect the Secured Party's interest in and to the Collateral and to comply with any law, rule, or regulation (federal, state, or local) having applicability to the sale and with any requirements for any necessary governmental approvals. At any such sale or other disposition, the Secured Party, to the extent permissible under applicable law, may purchase the whole or any part of the Collateral sold. Debtor shall be and remain liable for any deficiency remaining after applying the proceeds of disposition of the Collateral first to expenses incurred by Secured Party in connection therewith, and then to the satisfaction of the Obligations secured hereby.

7. Resort to Other Security. The taking of this Security Agreement shall not waive or impair any other security the Secured Party may have or hereafter acquire for the payment and performance of the Obligations, nor shall the taking of any such additional security waive or impair this Security Agreement; but the Secured Party may resort to any security it may have in the order it may determine in its discretion.

8 Waiver of Rights. The failure of the Secured Party to exercise any right it may have hereunder shall not be deemed a waiver thereof unless so agreed in writing and the waiver by the Secured Party of any default of Debtor hereunder shall not constitute a continuing waiver or a waiver of any other default or of the same default on a future occasion.

9 Binding Effect. The rights and obligations of the Secured Party and Debtor shall inure to the benefit of and bind their respective personal representatives, heirs, successors, and assigns.

10. Severability. If any provisions of this Security Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Security Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

11. Termination. This Security Agreement shall terminate when the Note is paid and satisfied in full. Upon termination of this Agreement, the Secured Party shall, upon Debtor's request, execute and deliver to Debtor a Termination Statement for any Financing

Statements, or any other statements as may be reasonably required to terminate the security interest granted hereunder.

12. Liability for Deficiency. The Secured Party expressly acknowledges and agrees that Barry F. Shesol, M.D., Thomas Gray and the officers, directors and employees of the Debtor shall not have any personal liability with respect to the Obligations or any deficiency.

13. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be deemed delivered when personally delivered by any overnight courier service which obtains a receipt upon delivery or upon deposit in the United States mail, certified mail, return receipt requested, postage prepaid, and correctly addressed to the party being notified at its address set forth above (or such other address as a party may specify by notice pursuant to this paragraph).

14. Assignment. The Secured Party may assign its interests under this Agreement in whole or in part in connection with a complete or partial assignment or transfer of the Note and, in the event of such assignment, the assignee shall be entitled, upon notifying Debtor, to performance of the Debtor's obligations and agreements hereunder, and the assignee shall be entitled to the assigned rights and remedies of the Secured Party hereunder.

15. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

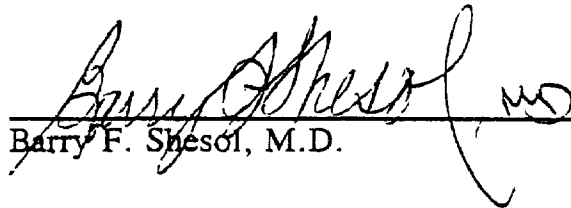
16. Governing Law. This Security Agreement shall be governed by the internal law of the State of Colorado.

IN WITNESS WHEREOF, this Security Agreement has been executed as of the date and year first set forth above.

DEBTOR:

Tapeless Technologies, Inc., a Colorado corporation

By:


Barry F. Shesol, M.D.

SECURED PARTY:

Franklin Medical Products, Inc., a Colorado corporation

By:



Its: President

EXHIBIT A

1. Patents.

U.S. Patent Application Serial No. 08/660,548
Filed: June 7, 1996
For: Topical Emollient Delivery System

Patent Application Serial Number: 08/815,487
Application Filing Date: March 3, 1998
For: Intravenous Dressing and Holder

2. Other Assets.

Juki Sewing Machine model DDL 5550N-7

Mitsubishi Tacker model PLK03BTA

Eastman Knife model 623

Computer Data Stor 486-66

Monitor Optiquess Q71

Plotter L.P. Design Jet 350C

Label printer TEC B472-QQ

Product Documentation including Device Manufacturing File and Device History File.