

# RASMUSSEN & MITCHELL

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A Partnership of Professional Corporations

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11-15-1999



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October 26, 1999

\*Also Admitted to Practice in Iowa

Commissioner of Patents & Trademarks  
Box Assignment  
Washington, D.C. 20231

RE: U.S. Patent No. 5557891  
U.S. Patent No. 5660001  
P.C.T./U.S. 97/12593  
E.O.P. No. 9793697.3

RECEIVED  
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To The Commissioner of Patents & Trademarks:

Please be advised that we are the attorneys representing Gregory P. Albracht, Patentee of the above-referenced patents.

Eran Industries, Inc., a Nebraska corporation, and Charles Mangimelli have, by agreement, conveyed a security interest in the above-referenced patents to Gregory P. Albracht, 9623 Burdette Street, Omaha, Nebraska 68134. Enclosed please find a true and correct copy of the Security Agreement between Eran Industries, Inc., Charles Mangimelli, and Gregory P. Albracht. We ask that the Security Agreement be recorded against each of the above-referenced U.S. Patents.

The Security Agreement was executed on May 29, 1998. It conveys a security interest in the two U.S. Patents (Nos. 5557891 and 5660001) including therewith, all worldwide patent rights associated therewith identified as PCT/U.S. 97/12593 and EOP No. 9793697.3 and any and all continuations or successions of said patents.

All future correspondence concerning this request to record the Security Agreement should be mailed to Shane M. Niebergall at the above-referenced address. We have included herewith our check in the amount of \$80.00 for the filing fee required by 37 CFR 1.21(h) (\$40.00 per patent).

To the best of my knowledge and belief, the information contained on this cover sheet is true and correct and the copy of the Security Agreement submitted herewith is a true copy of the original document.

11/12/1999 DNGUYEN 00000167 5557891

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PATENT  
REEL: 010371 FRAME: 0142

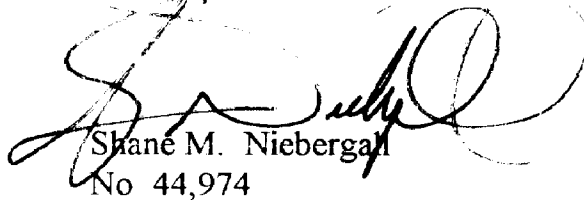
Commissioner of Patents & Trademarks

October 27, 1999

Page 2

Should you have any questions regarding the enclosed document or this matter in general, please do not hesitate to give me a call. Thank you in advance for your assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shane M. Niebergall", is written over a horizontal line. The signature is fluid and cursive.

Shane M. Niebergall

No 44,974

SMN eac  
Enclosure

May 29, 1998

FILED  
NE 000 017

99 OCT 15 AM 9:00

SECURITY STATE

SECURITY AGREEMENT  
COPY

DEBTOR: Eran Industries, Inc.  
9202 West Dodge Road, Suite 302  
Omaha, NE 68114-3318

Charles Mangimelli

SECURED PARTY: Gregory P. Albracht  
9623 Burdette Street  
Omaha, NE 68134

## 1. SECURITY INTEREST AND COLLATERAL

To secure the debt, liability or obligation of Debtor to Secured Party evidenced by the Purchase Agreement dated May 29, 1998, and any extensions, renewals or replacements thereof (herein referred to as "Obligations"), Debtor hereby grants Secured Party of security interest (herein called "Security Interest") in and to the property listed on Exhibit A hereto (herein called the "Collateral").

## 2. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor represents, warrants and covenants that:

- (a) Debtor will duly endorse, in blank, each and every instrument constituting Collateral by signing on said instrument or by signing a separate document of assignment or transfer, if required by Secured Party;
- (b) Debtor is the owner of the Collateral free and clear of all liens, encumbrances, security interests and restrictions, except the Security Interest;
- (c) Debtor will keep the Collateral free and clear of all liens, encumbrances and security interests, except the Security Interest;
- (d) Debtor will pay, when due, all taxes and other governmental charges levied or assessed upon or against the Collateral.

## 3. RIGHTS OF SECURED PARTY

SECURITY AGREEMENT

Page 1 of 8

Debtor agrees that Secured Party may at time to time, whether before or after the occurrence of an Event of Default by the Debtor with five days' written notice:

- (a) Notify the obligor or issuer of any Collateral to make payment to Secured Party of any amounts due or distributable thereon;
- (b) In Debtor's name or Secured Party's name, enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral;
- (c) Receive all proceeds of the Collateral; and
- (d) Hold any increase or profits received from the Collateral as additional security for the Obligations, except that any money received from the Collateral shall, at Secured Party's option, be applied in reduction of the Obligations, in such order of application as Secured Party may determine, or be remitted to Debtor.

#### 4. EVENTS OF DEFAULT

Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"):

- (a) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement binding on it pursuant to the terms of this Agreement or pursuant to the Purchase Agreement dated May 29, 1998;
- (b) Any representation or warranty by Debtor set forth in this Agreement or the Purchase Agreement dated May 29, 1998, or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading;
- (c) A garnishment summons or writ of attachment shall be issued against or served upon Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor;
- (d) Debtor, its successors or assigns, or any guarantor of any Obligation shall:
  - (i) be or become insolvent (however defined);
  - (ii) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or

- (iii) if a corporation, partnership or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner, or, if an individual, die, or
- (iv) go out of business.

Occurrences 4(d)(i)-(iv) shall not constitute an event of default under this Agreement if Debtor's successors or assigns hereunder maintain a net worth in excess of Thirty Million Dollars (\$30,000,000.00).

## 5. REMEDIES UPON EVENT OF DEFAULT

Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may exercise any one or more of the following rights or remedies:

- (a) Declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand.
- (b) Exercise all voting or other rights as holder of the Collateral;
- (c) Exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including the right to offer and sell the Collateral and if notice to the Debtor of any intended disposition of the Collateral or an other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least ten (10) calendar days prior to the date of intended disposition or other action;
- (d) Exercise or enforce any or all rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 4(d)(ii), all obligations shall be immediately due and payable without demand or notice thereof.

## 6. MISCELLANEOUS

- (a) Disposition of Collateral. Any disposition of the Collateral in a manner provided in Section 5 hereof shall be deemed commercially reasonable.
- (b) Amendments. This Agreement can be waived, modified, amended, terminated or discharged and the Security Interest can be released, only explicitly in writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of Secured Party's rights or remedies. Waiver of any provision of this Agreement shall not be deemed a waiver of future

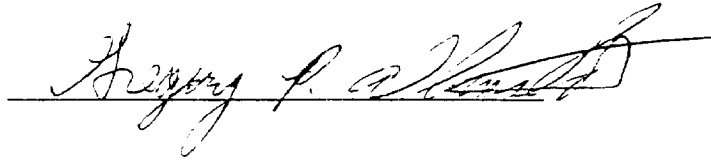
compliance therewith and such provision shall remain in full force and effect.

- (c) Rights Cumulative. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other.
- (d) Notices. All notices given to Debtor shall be deemed sufficiently given if delivered by or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records.
- (e) Duty of Care. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties to exercise at all on in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application.
- (f) Reimbursement of Expenses. Debtor shall reimburse Secured Party for all expenses (including reasonable attorneys' fees and legal expenses) incurred by Secured Party in the protection, defense or enforcement of the Security Interest, including expenses incurred in any litigation or bankruptcy or insolvency proceedings.
- (g) Joint and Several Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly; all such persons shall be bound both severally and jointly with the other(s); and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by the Debtor solely or by both or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Debtors or is owned in whole or part by one (or more) of them.
- (h) Severability. In the event any provision of this Agreement is held invalid, illegal or unenforceable, in whole or part, the remaining provisions of this Agreement shall not be affected thereby and shall continue to be valid and enforceable, and, if, for any reason, a court finds that any provision of this Agreement is invalid, illegal or unenforceable as written, but that by limiting such provision it would become valid, legal, and enforceable, then such provision shall be deemed to be written and shall be construed and enforced as so limited.

- (i) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nebraska without regard to the conflicts of law provisions thereof and any disputes arising under or related to the terms of this Agreement shall be submitted to the District Court of Douglas County, Omaha, Nebraska, for resolution.
- (j) Headings and Captions. The titles or captions of paragraphs in this Agreement are provided for convenience and reference only, and shall not be considered a part hereof for purposes of interpreting or applying this Agreement, and such titles or captions do not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.
- (k) 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.
- (l) Binding Effect on Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs, successors and assigns; provided however that none of the parties to this Agreement may assign their rights or obligations hereunder without the prior written consent of the other parties, which consent shall not be unreasonably withheld, and in the event of any such assignment, all of the terms, covenants, agreements and conditions of this Agreement shall continue to be in full force and effect and the parties hereto shall continue to remain respectively liable and responsible for the due performance of all the terms, covenants, agreements and conditions of this Agreement which they are respectively obligated to observe and perform.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

GREGORY P. ALBRACHT, Secured Party



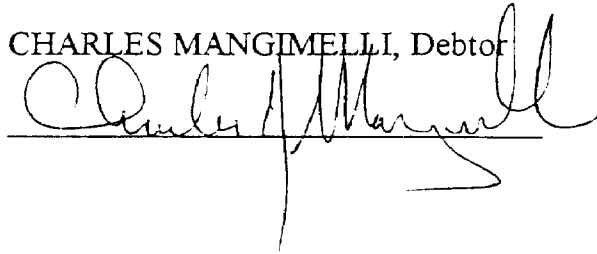
ERAN INDUSTRIES, INC., Debtor

 By James E. Bachman  
 Its President

Attest:

 \_\_\_\_\_  
 Its Secretary

CHARLES MANGIMELLI, Debtor

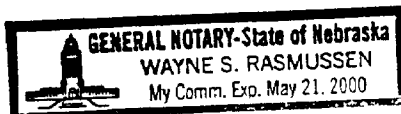
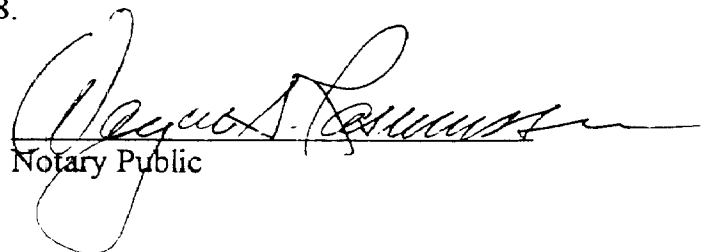


Attest: \_\_\_\_\_

 STATE OF NEBRASKA     )  
                                       ) ss:  
 COUNTY OF DOUGLAS    )

I hereby certify that on this day before me, a notary for the State of Nebraska, County of Douglas, personally appeared James E. Bachman and \_\_\_\_\_, known to me to be the President ~~and Secretary~~, respectively, of Eran Industries, Inc., acknowledging and executing the foregoing instrument, and that they severally acknowledged executing the same fully and voluntarily under authority duly vested in them by said corporation.

Witness my hand and seal this 29th day of May 1998.

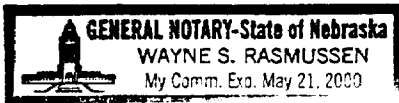

  
 Notary Public



STATE OF NEBRASKA     )  
                                       ) ss:  
 COUNTY OF DOUGLAS    )

I hereby certify that on this day before me, a notary for the State of Nebraska, County of Douglas, personally appeared Charles Mangimelli, known to me to be the same person executing the foregoing instrument, and that they severally acknowledged executing the same fully and voluntarily under authority duly vested in him.

Witness my hand and seal this 29th day of May 1998.

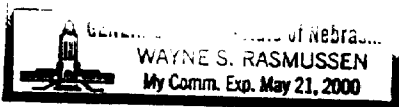


*Wayne S. Rasmussen*  
 Notary Public

STATE OF NEBRASKA     )  
                                       ) ss:  
 COUNTY OF DOUGLAS    )

I hereby certify that on this day before me, a notary for the State of Nebraska, County of Douglas, personally appeared Gregory P. Albracht, known to me to be the same person executing the foregoing instrument, and that he severally acknowledged executing the same fully and voluntarily under the authority duly vested in him.

Witness my hand and seal this 29th day of May, 1998.



*Wayne S. Rasmussen*  
 Notary Public

## EXHIBIT A

U.S. PATENT NO. 5557891

U.S. PATENT NO. 5660001

including therewith, all World Wide Patent rights associated therewith identified as PCT/US97/12593 and EOP No. 9793697.3 (collectively, the "Patents"), and including any and all continuations or successions of the Patents.