

Correspondent Name and Address **Area Code and Telephone Number**

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages **Enter the total number of pages of the attached conveyance document including any attachments.** #

Application Number(s) or Patent Number(s) **Mark if additional numbers attached**

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)			Patent Number(s)		
<input type="text" value="08/701,456"/>	<input type="text" value="08/935,116"/>	<input type="text"/>	<input type="text" value="5,592,560"/>	<input type="text" value="5,388,165"/>	<input type="text" value="5,201,010"/>
<input type="text" value="08/177,951"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="5,621,812"/>	<input type="text" value="5,659,469"/>	<input type="text" value="5,305,196"/>
<input type="text" value="08/869,840"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="5,327,508"/>	<input type="text" value="5,638,457"/>	<input type="text" value="5,448,471"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor. Month Day Year

Patent Cooperation Treaty (PCT)

Enter PCT application number PCT PCT

only if a U.S. Application Number has not been assigned. PCT PCT PCT

Number of Properties **Enter the total number of properties involved.** #

Fee Amount **Fee Amount for Properties Listed (37 CFR 3.41):** \$

Method of Payment: **Enclosed** **Deposit Account**


Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: **Yes** **No**

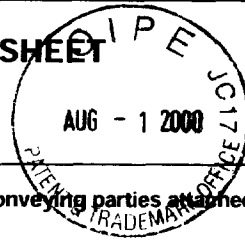
Statement and Signature

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. Charges to deposit account are authorized, as indicated herein.

Ira C. Edell  8/1/00

Name of Person Signing **Signature** **Date**

RECORDATION FORM COVER SHEET
CONTINUATION
PATENTS ONLY



U.S. Department of Commerce
Patent and Trademark Office
PATENT

Conveying Party(ies)

Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Execution Date
Month Day Year

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Name (line 1)

Execution Date
Month Day Year

Name (line 2)

Receiving Party(ies)

Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3) City State/Country Zip Code

Name (line 1)

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3) City State/Country Zip Code

Application Number(s) or Patent Number(s)

Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

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Patent Number(s)

5,675,662	<input type="text"/>	<input type="text"/>
5,430,644	<input type="text"/>	<input type="text"/>
5,237,620	<input type="text"/>	<input type="text"/>
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COLLATERAL SECURITY ASSIGNMENT OF PATENTS

This Agreement is made as of May 24, 2000 by and between First Greenwich Capital, LLC ("Secured Party"), with its principal place of business at One University Plaza, Suite 211, Hackensack, New Jersey and Inter Act Electronic Marketing, Inc. ("Debtors"), with its principal offices at 5032 Parkway Plaza, Blvd., Building #8, Charlotte, NC 28217.

WHEREAS, Secured Party has made a loan to Debtor on May 24, 2000 in the amount of One Million Five Hundred Thousand (\$1,500,000.00) Dollars ("Loan"); and

WHEREAS, as collateral security for repayment of such Loan, Debtor has granted Secured Party a security interest and first lien on all of Debtor's personal property, including, without limitation, Secured Party's "patents, trademarks and copyrights" pursuant to a Collateral Mortgage Security Agreement, a copy of which is annexed hereto as Exhibit 1; and

WHEREAS, pursuant to said Collateral Mortgage and Security Agreement, Debtor has appointed Secured Party as its attorney in fact, coupled with an interest, to execute such further documents as are reasonably necessary to perfect Secured Party's interest in said collateral, including the patents,

NOW, THEREFORE, Secured Party and Debtor agree as follows:

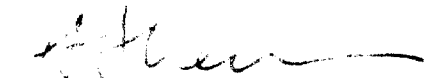
1. To secure repayment of the Loan Debtor hereby confirms the grant of a first lien security interest in favor of Secured Party in all of the Debtor's personal property referred to in Schedule A of Exhibit 1, including, without limitation, all of Debtor's right, title and interest in the Patents and Patent Applications listed on Exhibit 2 hereto.

2. Debtor hereby assigns the above referred Patents and Patent Application to Secured Party as collateral security for repayment of said Loan.

WHEREFORE, the parties have executed this Agreement as of the date first

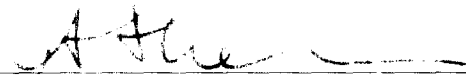
above written.

FIRST GREENWICH CAPITAL, LLC,
Secured Party

By: 
Gerald Sherman

INTERACT ELECTRONIC MARKETING, INC.,
Debtor

By: First Greenwich Capital, LLC.
Attorney in fact

By: 
Gerald Sherman

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State of New Jersey)
County of Bergen)ss.:

On the 28 day of July in the year 2000 before me, the undersigned, personally appeared Gerald Sherman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Laura Sika
Signature and Office of individual
taking acknowledgment

State of New Jersey)
County of Bergen)ss.:

LAURA SIKA

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires July 3, 2005

On the 28 day of July in the year 2000 before me, the undersigned, personally appeared Gerald Sherman, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Laura Sika
Signature and Office of individual
taking acknowledgment

LAURA SIKA

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires July 3, 2005

**COLLATERAL MORTGAGE
SECURITY AGREEMENT**

AGREEMENT made as of this 19 day of May, 2000 between First Greenwich Capital, LLC, with its principal office at 1 University Plaza, Suite 211, Hackensack, New Jersey 07601 (the "Secured Party") and Inter Act Electronic Marketing, Inc., a North Carolina Corporation with its principal office at 5032 Parkway Plaza Blvd., Building #8, Charlotte, NC 28217 (the "Borrower").

WITNESSETH:

WHEREAS, Borrower is indebted to Secured Party pursuant to that certain Promissory Note dated May, 2000 ("Note");

WHEREAS, in order to secure the payments due to Secured Party under the Note, Borrower has agreed to grant a security interest to Secured Party in certain assets of the Borrower as hereinafter described.

NOW THEREFORE, based upon the mutual covenants, conditions and promises hereinafter contained, it is agreed as follows:

1. **GRANT OF SECURITY INTEREST.** Secured Party has this date made loans and advances to Borrower in the principal amount of One Million Five Hundred Thousand (\$1,500,000.00) Dollars with interest thereon as more fully described in the Note. To secure payment due under the Note and any renewals, extensions, amendments or modifications thereof, and also to secure any other indebtedness or liability of Borrower to Secured Party, whether direct or indirect, absolute or contingent, due or to become due, including future advances, the Borrower hereby grants to the Secured Party a first security interest in such equipment or other assets identified on Schedule "A" hereto, and all products and proceeds thereof (including proceeds from all insurance arising from such collateral) (all collectively the "Collateral").

2. **COVENANTS AND UNDERTAKINGS OF BORROWER.** The Borrower covenants and undertakes to Secured Party that:

A. Borrower shall not lease, encumber, remove, conceal, grant or permit any further security interest in, the Collateral;

B. Borrower has delivered to Secured Party all original chattel paper which constitutes the Collateral;

C. Loss, theft, damage or destruction or seizure of the Collateral shall not relieve the Borrower from the payment of any debt secured hereby;

D. Borrower shall use the Collateral in a careful and lawful manner and comply with and conform to all laws, ordinances and regulations relating to the possession, use and maintenance of the Collateral. Borrower shall, at its sole expense at all times, maintain the Collateral in good operating order, repair, condition and appearance and protect the Collateral from deterioration, other than normal wear and tear, and furnish all required labor, parts, replacements and repairs. Upon Secured Party's request, Borrower shall at reasonable times during business hours, make the Collateral available to Secured Party or its agents for inspection; and

E. Borrower will not permit the Collateral to become affixed to real estate or permit it to become an accession to other personal property, without Secured Party's prior written consent and without providing Secured Party with all waivers and consents Secured Party deems necessary to make its security interest in the Collateral valid against and superior to the rights of all parties holding an interest in the real estate and other assets of the Borrower.

F. Borrower further covenants and agrees with Secured Party as follows:

(i) To pay, as and when the same become due, all taxes, assessments, license fees, registration fees, and governmental charges, local, state or federal (including any interest and/or penalties thereon) of any and every nature, special or otherwise, levied or assessed upon the Collateral or any portion thereof, or upon the use or operation thereof, or upon or in respect of the Note or this Security Agreement.

(ii) Not to sell, transfer, encumber, grant security interests in or otherwise dispose of the Collateral or any part thereof or any interest therein, or attempt so to do, or suffer or permit any lien of any kind to attach to any of the Collateral except in favor of the Secured Party.

(iii) Not to remove or suffer or permit to be removed, any of the Collateral from the place in which it is now located or make any modifications thereto without the prior written consent of the Secured Party.

(iv) At its sole expense, to (a) keep the Collateral in good and safe operating order, repair and condition, and maintain and use

same in a safe and proper manner, in accordance with the requirements of any governmental or other authority having jurisdiction thereof and (b) pay for all fuel, service, inspections, overhauls, replacements, substitutions, materials and labor necessary or desirable for the proper use, repair, operation and maintenance of the Collateral, and (c) maintain in force and effect all licenses and other approvals required in connection with the conduct of its existing business.

(v) In case of any failure of the Borrower to keep the Collateral insured and in good repair and operating condition, or to keep the same free from liens, security interests, encumbrances or adverse claims, or to pay taxes on or in respect thereof, as herein covenanted, or to fully and punctually keep and perform any other covenants hereof, then in any such case, Secured Party may (but shall not be required so to do) pay or perform such obligation for Borrower. Borrower covenants to reimburse Secured Party promptly for all sums paid or advanced for any such purpose, and any other sums disbursed by Secured Party to protect the Collateral or the lien and security interest of this Security Agreement together with all costs, expenses and attorney's fees paid or incurred by Secured Party, all with interest from the date of advancement until repaid to Secured Party at the rate of one and one-half percent (1.5%) per month or the maximum per annum rate of interest permitted by law, whichever is less.

(vi) To pay all filing, recording, search and other expenses incurred by the Secured Party with respect to the perfection of its security interest in the Collateral and confirming the priority thereof.

(vii) To execute and deliver such further documents (including Uniform Commercial Code Financing Statements) and do such further acts and things as Secured Party may reasonably request in order to fully effect the purposes of this Security Agreement and Secured Party's or any assignee's rights in the Collateral. Borrower hereby appoints Secured Party (and any of Secured Party's officers, employees or agents designated by Secured Party) as Borrower's attorney, coupled with an interest, to execute such documents on Borrower's behalf.

3. **REPRESENTATIONS AND WARRANTIES OF BORROWER.** The Borrower represents and warrants to the Secured Party that:

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- 3 -

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a. The Borrower is able to pay its debts as they mature and that it will remain so, that its Federal, State and municipal taxes, including employment taxes, are current and will so remain or that such taxes have been reserved for, and that it has induced Secured Party to make loans and advances identified in the Note based upon such representations and warranties contained in this paragraph "3";

b. None of the Borrower's Collateral including the Accounts reflected on Schedule "A" have been previously sold, pledged or assigned to any person, firm or corporation and will not be sold or assigned, other than to Secured Party, at any time during the term of this Agreement; nor will Borrower execute any security agreements or UCC financing statements in favor of any other party, or borrow against the security of any asset pledged hereunder, without first obtaining Secured Party's consent in writing, unless otherwise specifically set forth herein to the contrary;

c. Except with respect to purchase money liens, if any, arising out of the purchase by Borrower of goods, machinery, equipment or inventory, Borrower is, and will continue to be, the sole owner of the Collateral free from any lien, security interest or encumbrance and it has the right to grant Secured Party a first position security interest, and will defend the Collateral against the claims and demands of all persons;

d. Borrower is legally organized and validly existing, in good standing under the laws of its state of its organization and is duly qualified to do business and in good standing under the laws of each jurisdiction where the nature of its business or the character of its properties makes it necessary for it to so qualify to do business, except where failure to so qualify would not have a material adverse effect on Borrower's financial condition or its property; Borrower has full power and authority to execute and deliver this Agreement, together with all notes, agreements and instruments evidencing its indebtedness to Secured Party, and to pay and perform its obligations thereunder; Borrower has full power and authority to own its properties and carry on its business as now being conducted; this Agreement and all documents evidencing Indebtedness have been duly authorized, executed and delivered by Borrower and constitute the valid, legal and binding obligations of Borrower enforceable in accordance with their terms.

e. Borrower's principal place of business is that shown at the beginning of this Security Agreement and all other places of business of Borrower and the places of business of its retail customers, where some of the Collateral may be located, are as listed on Exhibit B annexed hereto. To the extent not completed upon execution of this agreement, Borrower agrees and covenants that it will complete Exhibit B, which, in its completed form, shall be a part of this Agreement as if completed on the date hereof, within fifteen (15) days of the effective date of this Agreement. All of the Collateral is kept only at such place(s) of business.

f. The execution, delivery and payment of any and all of the documents and instruments evidencing the Borrower's indebtedness to Secured Party and the entering into by Borrower of this Security Agreement and the performance of its obligations hereunder will not violate or conflict with any of the provisions of the Articles of Incorporation or By-Laws of Borrower and will not result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest, or other encumbrance in or upon any Borrower's property or assets (except for the security interest created hereby) pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement, or any other instrument to which Borrower is a party or by or under which it may be bound; no approval is required from any public regulatory body nor from any parent, subsidiary or affiliate of Borrower or from any other person, firm or corporation with respect to the execution, delivery and payment upon any documents evidencing the indebtedness to Secured Party, the entering into of this Security Agreement, and the performance by Borrower of its obligations hereunder; and there are no suits or proceedings pending, or to the knowledge of Borrower threatened, in any court or before any regulatory commission, board or other administrative governmental agency against or affecting Borrower which will have a material adverse effect on the financial condition or business of Borrower.

g. All financial statements delivered to Secured Party have been prepared in accordance with generally accepted accounting principles, applied on a consistent basis and fairly present the financial condition of the Borrower as of the dates and for the periods indicated therein. Since the date of such financial statements, there has not been any change in the business operations or financial condition of Borrower, other than changes

in the ordinary course of business, which changes in the aggregate have not been materially adverse.

h. Secured Party is authorized to execute and file at Borrower's expense its financing statements and other instruments and documents that may be reasonably necessary to perfect and protect Secured Party's security interest;

i. Any chattel paper which relates to the Collateral is genuine, legal, valid and binding obligations and there exists only one (1) original of each such chattel paper;

j. Neither the execution nor delivery by Borrower of this Agreement, the Note, or guaranty will constitute (1) a violation or default of any statute, rule or decree of any court, administrative agency or governmental body to which Borrower is or may be subject, or (2) a material default with respect to any indenture, loan agreement or other agreement to which Borrower is bound; and

4. **ATTORNEY IN FACT.** The Borrower hereby appoints Secured Party or its designee as Borrower's attorney, with power to execute and file financing statements, to endorse the name of Borrower upon any notes, acceptances, checks, drafts, money orders, or other evidences of payment or collateral that may come into Secured Party's possession, to sign Borrower's name on any invoice or bill of lading relating to any Accounts, on drafts against debtor's assignments and verifications of accounts and notices to debtors, to redirect, to receive, open and dispose of all mail addressed to Borrower, to send verifications of accounts to any debtors, and to do all other acts and things necessary to carry out this Agreement. Secured Party shall not be entitled to invoke the benefits and rights of this paragraph unless an Event of Default has occurred.

5. **EVENTS OF DEFAULT.** The occurrence of any of the following events or conditions shall, at the option of the Secured Party, and without notice or demand, constitute an Event of Default hereunder: (a) The Borrower's failure to make payment of any indebtedness secured hereby including the Note within five (5) days of the due date; or (b) failure of the Borrower to perform any covenant or undertaking on the Borrower's part herein within ten (10) days of written notice thereof by Secured Party; or (c) breach of any material representation or warranty or falsity thereof made by Borrower to Secured Party; or (d) attachment or seizure of, or levy upon, any property owned or leased by the Borrower including but not limited to the Collateral which is not removed, vacated or discharged within fifteen (15) days of occurrence; or (e) default, beyond any cure period, by Borrower in any other loan, lease or security agreement entered into with Secured Party or another creditor (which loan, lease or security agreement has an outstanding unpaid balance of at least \$25,000.00); or (f) institution of any proceeding by or against Borrower or Borrower's business under any bankruptcy or insolvency statute or

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Borrower's assignment for the benefit of creditors or the appointment of a receiver for the Borrower or for the Collateral, which involuntary bankruptcy proceeding or tax lien remains unsatisfied for greater than thirty (30) days; or (g) if Borrower shall suffer a material adverse change in its condition or affairs, financial or otherwise which materially increases its risk with respect to the obligations under this loan or materially impairs any security therefor or if any of the Collateral is being misused, concealed or misappropriated; or (h) loss, material destruction, sale, encumbrance, concealment, or forfeiture of the Collateral or any material portion thereof; (i) or the filing of a tax lien notice against Borrower by any taxing authority, which is not released and discharged within fifteen (15) days of the date of Borrower's receipt of notice of said lien.

6. **REMEDIES.** (a) Upon the occurrence of any Event of Default, Secured Party may exercise one or more of the following remedies: (i) declare all Borrower's indebtedness secured hereby immediately due and payable, (ii) take possession of the Collateral (including all other remedies associated with the Accounts and Accounts Receivable) without demand or legal process, enter the premises where the Collateral may be found and take possession of and remove the Collateral without liability for suit, action or other proceeding, and all rights of Borrower in the Collateral so removed shall terminate absolutely, and (iii) invoke all other rights and remedies of a secured party under the Uniform Commercial Code. Expenses of re-taking, holding, preparing for sale, selling or the like shall include, but not be limited to, Secured Party's reasonable attorneys' fees and legal expenses, auctioneers fees, sales commissions and advertising expenses. Secured Party may require Borrower to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Secured Party is authorized to maintain, sell or dispose of the Collateral on the premises of the Borrower. Secured Party's rights and remedies shall be cumulative and not alternative.

Secured Party may take immediate possession of the Collateral without legal process. For this purpose Secured Party or its representatives may enter upon the premises where the Collateral may be and remove same or maintain possession on such premises pending disposition thereof, all without charge to or liability on the part of Secured Party, or, upon request of Secured Party, Borrower agrees, at its expense, to assemble the Collateral and to deliver same to Secured Party at a place designated by Secured Party. Borrower's obligation to assemble and deliver the Collateral is of the essence of this Security Agreement and accordingly, upon application to a court of equity having jurisdiction, Secured Party shall be entitled to a decree requiring specific performance by Borrower of said obligation. BORROWER HEREBY EXPRESSLY WAIVES ITS RIGHTS, IF ANY, (1) TO PRIOR NOTICE OF REPOSSESSION, AND (2) A JUDICIAL OR ADMINISTRATIVE HEARING PRIOR TO SUCH REPOSSESSION. The proceeds of any sale or other disposition of Collateral, less the expenses of retaking, holding, preparing for disposition, disposing of Collateral and the like (including reasonable attorneys' fees, collection agency fees and other legal expenses incurred by Secured Party), shall be credited to the indebtedness secured hereby, in such order of preference as Secured Party may determine. The deficiency, if any, shall be paid by Borrower to Secured Party

forthwith, upon demand, with interest thereon at the rate of one and one-half percent (1.5%) per month, but not exceeding the lawful maximum, if any. Unless the Collateral is perishable or threatens to decline speedily in value or is of the type customarily sold on a recognized market. Secured Party will give Borrower reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other intended disposition thereof is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown at the beginning of this Security Agreement at least five (5) days before the time of the sale or other disposition.

While the Borrower is in default beyond an applicable cure period, the Borrower shall not distribute to shareholders, nor shall any shareholders (or insiders as that term is defined in the U.S. Bankruptcy Code) receive compensation from the Borrower of any kind including dividends, salary, bonuses, distributions, commissions or the like.

7. **INSURANCE.** The Borrower shall obtain and maintain for the entire term of this Agreement, from an insurance company reasonably satisfactory to Secured Party, insurance specifically scheduling the Collateral for fire, theft, extended coverage in an amount equal to or greater than Borrower's obligation to Secured Party under the Note with Secured Party named as loss payee and additional insured, and environmental hazard coverage, and general liability insurance, naming Secured Party as loss payee and additional insured in an amount no less than \$500,000.00. The Borrower shall use its best efforts to insure that each such policy of insurance shall contain a clause requiring the insurance carrier to give at least thirty (30) days written notice of any alteration to the policy, or the cancellation, termination or non-renewal thereof. The Borrower shall, from time to time, furnish to Secured Party, such evidence of insurance as Secured Party shall require. Secured Party is authorized, but under no duty, to obtain such insurance upon the failure of the Borrower to do so and upon obtaining the same, may charge Borrower therefor. Borrower shall give immediate written notice to the Secured Party and to insurers as to loss or damage to the Collateral, and shall promptly file proofs of loss with insurers. Borrower hereby irrevocably appoints the secured party as the attorney-in-fact, coupled with an interest, for the Borrower in obtaining, adjusting and canceling any such insurance and endorsing settlement drafts and filing proofs of loss, and hereby assigns to the Secured Party all sums which may become payable under such insurance, including returned premiums and dividends, as additional security for payment due under the Note.

8. **INDEMNIFICATION.** Borrower hereby agrees to indemnify, save and keep harmless Secured Party, its agents, employees, successors and assigns, from and against any and all losses, damages (including indirect, special or consequential), environmental hazards or penalties of any kind or nature, injuries (whether to property, person or otherwise), claims, actions and suits, including, without limitation, legal expenses of whatsoever kind and nature (including, without limitation, reasonable costs and expense incurred by Secured Party in defending claims or suits brought against it by Borrower or any account debtor) in contract or tort, including, but in no way limited to, Secured Party's strict liability in tort, unless and except to the extent Secured Party's gross negligence or willful misconduct is the proximate cause of any such loss, damage, penalty, injury, claim, action or suit, and Borrower shall at its own

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expense defend any and all such actions, arising out of the selection, modification, purchase, ownership, acceptance or rejection of any item of Collateral, and the delivery, possession, maintenance, use, condition (including without limitation latent or other defects, whether or not discoverable by Secured Party or Borrower, and any claim for patent, trademark or copyright infringement) or operation of any item of Collateral by whomsoever used or operated or arising out of or resulting from the condition of any item of Collateral, sold or disposed of after use by Borrower, any lessee, sublessee or employee of Borrower. The indemnities and assumptions of liability herein provided for shall continue in full force and effect, notwithstanding the termination of this Security Agreement, whether by expiration of time, operation of law or otherwise. BORROWER AGREES THAT SECURED PARTY SHALL NOT BE LIABLE TO BORROWER FOR ANY CLAIM CAUSED DIRECTLY OR INDIRECTLY BY THE INADEQUACY OF ANY ITEM OF COLLATERAL FOR ANY PURPOSE OR ANY DEFICIENCY OR DEFECT THEREIN OR THE USE OR MAINTENANCE THEREOF OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO, OR ANY DELAY IN PROVIDING OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, SERVICE OR REPAIRS OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF, OR ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE SOLE RISK AND RESPONSIBILITY OF BORROWER.

9. **FINANCIAL STATEMENTS**. So long as any amount remains due under the Note or this Agreement by Borrower to Secured Party, and not later than: (a) one hundred twenty (120) days after the end of Borrower's fiscal year, (b) sixty (60) days after the end of each fiscal quarter, and (c) sixty (60) days of the Secured Party's written request, Borrower shall furnish current financial statements (and federal income tax returns) satisfactory to Secured Party as to form, preparation and content, on a review basis by Borrower's certified public accountant, which financial statement shall be in comparative form (except for the first year) for such fiscal year and at least two (2) prior fiscal years. Each financial statement submitted by Borrower to Secured Party shall be accompanied by a certificate certifying: (i) that such financial statement was prepared in accordance with Generally Accepted Accounting principles ("GAAP") and (ii) that no Event of Default has occurred under this Agreement during the period to which such financial statement pertains.

10. **RIGHTS TO COLLECT ACCOUNTS AND ACCOUNTS RECEIVABLE**. To the extent the Collateral includes accounts or accounts receivable (together "Accounts"), such accounts or accounts receivable now existing or hereinafter created are hereby assigned by Borrower to Secured Party. The Borrower shall be privileged to collect the Accounts for Secured Party but such privilege may be terminated by Secured Party at any time in its sole and absolute discretion, and shall automatically terminate upon: (a) Borrower's failure or inability to pay its debts as they mature; (b) Borrower's discontinuance of a substantial part of its business, (c) the institution by or against Borrower of any proceedings in bankruptcy, reorganization, receivership or insolvency, and (d) the violation, breach or default of any warranty, covenant, representation, term or condition of this Agreement by Borrower or under the Note (including an Event of Default in payment). Upon any such event as set forth in (a)-(d) above, Secured Party

shall have the right to notify the Borrower's account debtors (including, but not limited to, those on Schedule "A") that the Borrower's Accounts have been assigned to it, collect the Accounts directly in its own name and charge the collection costs (including reasonable attorneys' fees and expenses) to the account of Borrower. Until Secured Party shall give Borrower other instructions, Borrower shall continue to make collection of all Accounts for Secured Party. All payments and other proceeds on account of an Account(s), shall be the specific property of Secured Party; Borrower shall receive such payments as Secured Party's trustee and shall be entitled to retain and distribute them provided no Event of Default has occurred hereunder. Secured Party shall retain the original of all chattel paper which relates to the Collateral identified on Schedule "A".

11. **ACCOUNTS RECEIVABLE REPORTS.** To the extent Accounts are included as Collateral, then no later than the tenth (10th) day of each month, the Borrower shall provide to the Secured Party a summary of all existing Accounts of the Borrower. If requested by Secured Party, the summary of Accounts must include (subject to federal and state laws regarding confidentiality), at a minimum, the date the account was created, the name and address of the account debtor, the amount due and the date the invoice or other similar bill was rendered. If requested by the Secured Party, the Borrower will provide such additional documents in respect of the Accounts as the Secured Party may require. The Schedules of Accounts shall be accompanied by a certification from an officer of the Borrower certifying that:

- a. each Account on the annexed schedule represents a bona fide receivable not in default unless otherwise specified; and
- b. that the Account is not, to Borrower's knowledge, subject to any offset, deduction, counterclaim, discount or condition.

12. **TRANSFER OF ASSETS; MERGER.** The Borrower will not transfer or dispose of all of its assets or any substantial portion thereof to any person or entity (including, without limitation, to a corporation or partnership wholly or partially owned or controlled by Borrower), nor will it transfer twenty (20%) percent or more of its common stock and, if Borrower is a corporation, will not merge or consolidate with or into another corporation, liquidate or dissolve, or acquire new shareholder(s) unless: (a) Secured Party shall have been notified at least thirty (30) days prior to any such event; (b) Secured Party shall have consented in writing to such event in its sole discretion; (c) the transferee of such assets or surviving or successor corporation, as the case may be, shall, by the execution of a written instrument, assume all of the obligations of Borrower to Secured Party.

13. **NOTICES.** Any notices provided in this Agreement shall be deemed to have been duly given and effective on delivery if hand delivered, or when sent if sent by nationally recognized overnight delivery service, or by certified mail, return receipt requested, to the addresses stated 53438-1

herein, or to such other address as may be designated in writing by either Secured Party or Borrower.

14. **ATTORNEYS' FEES.** In the event Secured Party engages the services of an attorney in connection with any default by Borrower hereunder (whether or not an action has actually been instituted), or otherwise relating to this Agreement, Borrower agrees to the extent permitted by law that there shall be included in the computation of the indebtedness secured hereby the amount of a reasonable fee for the services of Secured Party's attorney, as well as disbursements, costs, allowances and expenses incurred by Secured Party and/or its counsel.

15. **INVALIDITY.** If any provision of this Agreement or the Note secured hereby shall, to any extent be invalid, the remainder of this Agreement or the Note secured hereby, other than those to which it is held invalid, shall not be affected thereby, and each provision of this Agreement and the Note shall be valid and enforceable to the fullest extent permitted by law. If the interest rate charged under the Note exceeds the maximum rate permitted by law, then the parties agree to reduce such rate to the maximum allowable rate.

16. **NO OFFSET.** Borrower hereby agrees that in any proceeding instituted by Secured Party under the Note and/or this Agreement, Borrower will not and cannot raise, and hereby WAIVES, any right to: (a) assert or interpose against Secured Party or against the Note or this Agreement (or the payment, collection or other enforcement of either such instruments), any claim, demand, defense, set off, deduction or counterclaim whatsoever of any nature or description, (b) OBTAIN A TRIAL BY JURY or seek to consolidate or obtain a joint trial or hearing of any action or proceeding or motion in which Borrower makes a claim or demand against Secured Party or against the Note or this Agreement (or the payment, collection or other enforcement of either of such instruments) of any nature or description.

17. **WAIVER.** Waiver of any default shall not constitute a waiver of any subsequent or other default. Any failure by Secured Party to perfect its security interest in the Collateral (whether intentionally or through an error of the Secured Party) shall impose no liability upon Secured Party nor relieve Borrower (or any guarantor) of its obligations hereunder, under the Note or any accompanying guaranty.

18. **ENTIRE AGREEMENT.** This Agreement contains the entire agreement of the parties with respect to its subject matter, supersedes all existing agreements and all other oral, written and other communications between the parties concerning the subject matter. This Agreement shall not be modified in any way except by a writing signed by all parties hereto. The parties recognize that simultaneously herewith, Borrower is executing the Note along with such other documents necessary to implement the terms of this Agreement as herein contemplated.

19. **ASSIGNMENT.** This agreement may be assigned by Secured Party without notice or consent of the Borrower. Upon such assignment, Borrower will make all payments to assignee without any offset or counterclaim Borrower may have with or against Secured Party.

20. **HEADING.** The headings in this Agreement are solely for convenience and reference and shall not affect interpretation.

21. **CUMULATIVE REMEDIES.** No right or remedy conferred upon Secured Party is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity, and may be exercised separately or concurrently. The failure or delay of Secured Party to insist upon the performance of any of the terms, covenants or conditions of this Security Agreement, or to exercise any right, remedy or privilege herein conferred, shall not impair or be construed as thereafter waiving any of the foregoing.

22. **GOVERNING LAW AND JURISDICTION.** THE BORROWER AGREES THAT ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, ANY AMENDMENT OR ANY REPLACEMENT HEREOF, AND ANY TRANSACTIONS RELATING HERETO, MAY BE BROUGHT IN THE STATE COURTS OF, OR THE FEDERAL COURTS IN, THE STATE OF NEW YORK, LOCATED IN NEW YORK COUNTY, NEW YORK, AND THE BORROWER HEREBY IRREVOCABLY CONSENTS AND SUBMITS TO THE JURISDICTION OF SUCH COURTS FOR THE PURPOSE OF ANY SUCH SUIT, ACTION OR PROCEEDING. THE BORROWER AGREES THAT SERVICE OF PROCESS ON THE BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID TO, THE ADDRESS SHOWN ABOVE. THE BORROWER HEREBY WAIVES, AND AGREES NOT TO ASSERT AGAINST THE LENDER, BY WAY OF MOTION, AS A DEFENSE OR PROCEEDING, (A) ANY CLAIM THAT THE BORROWER IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF THE ABOVE-NAMED COURTS OR THAT THE BORROWER'S PROPERTY IS EXEMPT OR IMMUNE FROM SET-OFF, EXECUTION OR ATTACHMENT. EITHER PRIOR TO JUDGMENT OR IN AID OF EXECUTION; (B) TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIMS THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THIS AGREEMENT OR ANY AMENDMENT OR ANY REPLACEMENT HEREOF MAY NOT BE ENFORCED IN OR BY SUCH COURTS; AND (C) THE BORROWER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY, THE RIGHT TO CLAIM ANY OFFSET AND THE RIGHT TO ASSERT A COUNTERCLAIM IN ANY ACTION OR PROCEEDING BROUGHT BY THE LENDER TO ENFORCE ANY OF ITS RIGHTS UNDER THIS AGREEMENT.

THIS AGREEMENT IS, AND SHALL BE DEEMED TO BE, A CONTRACT ENTERED INTO UNDER AND PURSUANT TO THE LAWS OF THE STATE OF NEW YORK AND SHALL BE IN ALL RESPECTS GOVERNED, CONSTRUED, APPLIED AND


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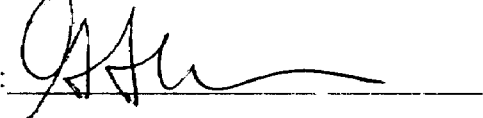
ENFORCED IN ACCORDANCE WITH THE LAWS OF SAID STATE WITHOUT REFERENCE TO NEW YORK'S CONFLICTS OF LAWS; AND NO DEFENSE GIVEN OR ALLOWED BY LAWS OF ANY OTHER STATE OR COUNTRY SHALL BE INTERPOSED IN ANY ACTION HEREON UNLESS SUCH DEFENSE IS ALSO GIVEN OR ALLOWED BY THE LAWS OF THE STATE OF NEW YORK

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date above first written.

INTER ACT ELECTRONIC
MARKETING, INC., Borrower

FIRST GREENWICH CAPITAL, LLC,
Secured Party

By: 

By: 

Title: CFO


Title: Member

SCHEDULE A

Identification of Collateral under Security Agreement dated May 19, 2000 by and between First Greenwich Capital, LLC (Secured Party) and Inter Act Electronic Marketing, Inc. (Borrower).

All Borrower's present and future accounts, contract rights, general intangibles, chattel paper, documents and instruments, goods, machinery, equipment, inventory, stock, patents, trademarks and copyrights and all of Borrower's personal property of every kind and nature (the "Property"); all Borrower's right, title and interest, and all of Borrower's remedies, security and liens, in, to and in respect of the property, including without limitation, rights of stoppage in transit, replevin, repossession and reclamation and other rights and remedies of an unpaid vendor, lienor and secured party, guaranties or other contracts of suretyship with respect to the Property, deposits or other security for the obligation of any account debtor, and credit and other insurance; all of Borrower's right, title and interest in, to and in respect to, or otherwise representing or evidencing any Property, and all returned, reclaimed or repossessed goods; all books, records, ledger cards and other property and general intangibles at any time evidencing or relating to the Property, together with all accessions, additions, replacements and substitutions thereto and therefor and all products and proceeds thereof and therefrom (including proceeds of all insurance arising therefrom) (collectively, the "**Collateral**"). The following of Borrower's property shall not be Collateral under this Agreement:

- Data General, as described in the Quotation DGCILNDW3 dated March 9, 2000;
- Elcom.com, Inc. as described in purchase order 02-0003 dated February 11, 2000;
- CDW Computer Centers, Inc. as described in invoices BL94741 dated February 17, 2000, BL46323 dated February 14, 2000, BM57491 dated February 23, 2000;
- CDW equipment as described in invoices BI57139 dated January 20, 2000 BI68671 dated January 21, 2000 and BI99530 dated January 25, 2000;
- Jannon Group, Inc. as described in invoice 014444 dated January 28, 2000;



SCHEDULE B

Locations of Collateral under Security Agreement dated May ¹⁹, 2000 by and between First Greenwich Capital, LLC (Secured Party) and Inter Act Electronic Marketing, Inc. (Borrower).

1. 5032 Parkway Plaza Road, Building #8, Charlotte, NC 28217
2. 85V South Hoffman Ln. Hauppauge, NY.
3. 523 Davis Drive. Morrisville, NC 27560
4. Retail locations of the following grocery store chains
5. A&P Stores
6. Key Food
7. BiLo
8. Brunos
9. AWI
10. Marsh
11. Acme
12. Gerlands
13. Cub Foods
14. Farmer
15. Jack Food Emporium
16. Food Lion
17. Piggly Wiggly
18. Grand Union
19. Jewel
20. Kings
21. Kohl's
22. Laneco
23. Mr. Z's
24. Albertsons
25. Wakefern
26. Eagle Foods
27. Super Valu
28. Giant (Landover)
29. Spartan
30. Super Fresh
31. Waldbaum's
32. Weis
33. Giant
34. Eagle
35. Kroger



EXHIBIT 2

Patents and Applications

- (1) U.S. Patent 5,592,560, issued January 7, 1997, Serial No. 08/303,631, filed September 8, 1994;
- (2) U.S. Patent 5,621,812, issued April 15, 1997, Serial No. 08/063,413, filed May 17, 1993;
- (3) U.S. Patent 5,327,508, issued July 5, 1994, Serial No. 08/016,991, filed February 10, 1993;
- (4) U.S. Patent 5,388,165, issued February 7, 1995, Serial No. 08/177,690, filed January 4, 1994;
- (5) U.S. Patent 5,659,469, issued August 19, 1997, Serial No. 08/429,938, filed April 27, 1995;
- (6) U.S. Patent 5,638,457, issued June 10, 1997, Serial No. 08/178,056, filed February 28, 1994;
- (7) U.S. Patent 5,201,010, issued April 6, 1993, Serial No. 07/886,385 filed May 19, 1992;
- (8) U.S. Patent 5,305,196, issued April 19, 1994, filed May 19, 1992;
- (9) U.S. Patent 5,448,471, issued September 5, 1995, filed March 30, 1994;
- (10) U.S. Patent 5,675,662, issued October 7, 1997, filed September 6, 1994;
- (11) U.S. Patent 5,430,644, issued July 4, 1995, filed November 9, 1994;
- (12) U.S. Patent Application, Serial No. 08/701,456, filed August 22, 1996;
- (13) U.S. Patent Application, Serial No. 08/177,951, filed August 30, 1993;
- (14) U.S. Patent 5,237,620, issued August 17, 1993, filed May 19, 1992;
- (15) U.S. Patent Application, Serial No. 08/869,840, filed July 18, 1997; and
- (16) U.S. Patent Application, Serial No. 08/935,116, filed September 22, 1997

AND FURTHER INCLUDING any patents and patent applications which claim the benefit of the filing date of any patent or patent application listed above.