

10-12-2000

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**APPLICATION FORM COVER SHEET  
PATENTS ONLY**

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

**Submission Type**

New

Resubmission (Non-Recordation)  
Document ID#

Correction of PTO Error  
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Reel #  Frame #

**Conveyance Type**

Assignment  Security Agreement

License  Change of Name

Merger  Other

**U.S. Government**  
(For Use ONLY by U.S. Government Agencies)

Departmental File  Secret File

**Conveying Party(ies)**

Mark if additional names of conveying parties attached

Name (line 1)  Execution Date Month Day Year

Name (line 2)

**Second Party**

Name (line 1)  Execution Date Month Day Year

Name (line 2)  5457630

**Receiving Party**

Mark if additional names of receiving parties attached

Name (line 1)

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Enter for the first Receiving Party only.

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

**Correspondent Name and Address**

Area Code and Telephone Number

319-752-6811

Name Loeschen, John M.

Address (line 1) P. O. Box 1128

Address (line 2) Burlington, IA 52601

Address (line 3)

Address (line 4)

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

# 6

**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)

5457630

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

PCT PCT PCT  
PCT PCT PCT

**Number of Properties**

Enter the total number of properties involved.

# 1

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41): \$ 40.00

Method of Payment:  
Deposit Account

Enclosed  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.

John M. Loeschen

September 20, 2000

Name of Person Signing

Signature

Date

A MEETING OF THE BOARD OF DIRECTORS  
OF AERS/MIDWEST, INC.

February 21, 1997

A meeting of The Board of Directors of Aers/Midwest, Inc. was duly convened and held at 106 Washington St., Burlington, Iowa at 12:00 Noon pursuant to oral call, all other notices and formalities for call having been waived.

Present were Palmer, Thompson, Dobroski, Jennison and Fogg by phone.

The minutes of the previous meeting were approved as read.

The settlement with John Reed was discussed, as was a proposed stock plan, audit and meeting procedure for upcoming stockholder meeting.

On motion duly made and seconded the following resolutions were passed unanimously.

RESOLVED that the settlement and release agreement as presented incorporates the terms of compromise settlement in the dispute between John Reed and Aers/Midwest, Inc. and Steve Palmer; and Steve Palmer as President of the corporation was authorized to execute the settlement and release agreement and return the same to William H. Napier, Counsel for Aers/Midwest, for delivery and further,

RESOLVED that the original settlement and release agreement would be held in the confidential records of William H. Napier of Napier, Wright & Wolf on behalf of the corporation in order to safeguard the confidentiality which was part of the consideration for the release and further,

RESOLVED that steps be taken to have a full audit done as quickly as possible with a report back by Jennison regarding timing.

With no further business to come before the meeting, it was adjourned.



James S. Jennison  
Secretary

SETTLEMENT AND RELEASE AGREEMENT

NOW ON THIS DAY, the Plaintiff, John Reed (hereafter Reed), and Defendant Aers Midwest, Inc. (hereafter Aers), and Defendant Steve Palmer (hereafter Palmer), in exchange for the mutual promises and covenants contained herein, agree to the following terms and conditions of settlement as set forth below:

1. Reed hereby releases any and all claims and causes of action, known or unknown, which have accrued or may accrue at any time in the future, and hereby releases and waives any causes of action of any kind whatsoever that are not referenced in this agreement against Aers and Palmer.

2. All parties agree that any further litigation taken by Reed against Palmer and/or Aers shall be strictly limited to any claim made by Plaintiff to enforce this settlement agreement, according to the terms and conditions set forth herein, and shall be limited to asserting those claims created in this settlement agreement in the manner set forth herein.

3. The parties specifically agree that Reed may assert an action to enforce this agreement or to foreclose on a lien created by virtue of this agreement, but shall have no other recourse against Aers to recover any sums other than the amounts agreed upon herein and as set forth herein. Further, all parties agree that in the event the Plaintiff is required to assert the specific legal actions created by this agreement, the substance of such legal allegations shall be limited to the terms and conditions of settlement and the intentions of the parties surrounding same.

4. The parties agree that this is a settlement of disputed claims and that any settlement by Aers and Palmer is not an admission of any liability of any of the allegations contained in the Reed petition. Aers specifically denies any admission of liability beyond those admissions contained in the pleadings as set forth in cause of action LALA000799.

5. The parties agree that this settlement shall remain confidential, and that any disclosure of any of the terms of settlement other than as part of an action to enforce the provisions of this agreement shall be construed as a breach of this settlement agreement and legal recourse shall be available to either Reed, Palmer or Aers as a result of any breach regarding confidentiality.

6. That in consideration of Reed's release of his legal cause of action and all other claims as set forth in paragraph 1 above, Aers shall pay Reed the sum of Sixty-Five Thousand Dollars (\$65,000.00). Aers agrees that the Sixty-Five Thousand Dollar (\$65,000.00) amount shall be paid to Reed within ninety (90) days of receipt of an agreed upon final draft of this settlement agreement by Aers' counsel. Counsel for Reed, Palmer and Aers shall stipulate and confirm by correspondence the date upon which the ninety (90) day period shall commence.

7. In the event that Aers is financially unable to pay Plaintiff Sixty-Five Thousand Dollars (\$65,000.00) during or at the conclusion of the ninety (90) day time period referred to herein, Aers' and Palmer's failure to comply with the terms of the

settlement agreement shall create a lien for the benefit of Reed in the amount of One Hundred Thousand Dollars (\$100,000.00) upon the SOLA/ASDIS patent, number 5,457,630, owned by Aers Midwest, Inc. Aers shall acquiesce to said lien and shall not contest Reed's right to assert said lien at any time subject to the restrictions and limitations set forth in paragraph 8 below.

8. In the event that Reed acquires a lien upon the SOLA/ASDIS patent, number 5,457,630, Reed agrees not to foreclose upon said lien for a period of one (1) year from the date upon which said lien is acquired by Reed. This one (1) year period shall be referred to as the "grace period".

9. If during the one (1) year grace period in which Reed agrees to refrain from foreclosure, Aers acquires the ability to pay Reed the sum of Sixty-Five Thousand Dollars (\$65,000.00), plus \_\_\_\_\_% interest, Reed hereby agrees to accept the Sixty-Five Thousand Dollars (\$65,000.00) sum plus interest as full satisfaction for the settlement and release of his claims in accordance with paragraph 6 as set forth herein. Reed further agrees that the receipt of Sixty-Five Thousand Dollars (\$65,000.00) with interest during the grace period shall render the lien on the SOLA/ASDIS patent, number 5,457,630, null and void.

10. The parties further agree that under no circumstances will Reed be required to refrain from foreclosure on the lien described herein after the one (1) year grace period has expired.

11. Reed, Palmer and Aers agree that in the event that any legal action is taken by any third party, which would constitute an

immediate threat to Aers' financial solvency during the ninety (90) day period, effective the date this agreement is signed or during the grace period, Reed may foreclose upon his lien at any time prior to the expiration of the one (1) year grace period. Such early foreclosure shall be taken only in good faith, and only when it is reasonably likely that the pending legal action may require the dissolution, restructuring or reorganization of AERS. Further, the parties agree that the purpose of this early foreclosure option during the grace period is to provide Reed with the ability to obtain the full benefit of the settlement agreement entered into by the parties.

12. It is further understood and agreed upon by the parties signatory hereto that Aers Midwest, Inc. shall not assign, sell, transfer, convey or act in any other manner so as to prevent John Reed from obtaining a lien upon the SOLA/ASDIS patent during the ninety (90) day period initially referenced in paragraph 6 above.

After the ninety (90) day period in which Reed is to receive Sixty-Five Thousand Dollars (\$65,000.00) has elapsed and Reed has acquired a lien upon the SOLA/ASDIS patent, Aers agrees to notify Reed on a timely basis of any impending sale, transfer, assignment or other change of ownership which may adversely affect Reed's lien on the SOLA/ASDIS patent. Aers further agrees to timely notify Plaintiff of any impending change in ownership and exercise its best efforts to preserve Reed's lien on the SOLA/ASDIS patent.

13. Reed, Aers and Palmer agree that they have entered into this agreement voluntarily, and the terms, conditions and potential consequences of entering into this agreement have been explained to them by the respective counsel to their satisfaction, and that Reed, Aers and Palmer's acquiescence to the terms and conditions of this agreement is purely voluntary.

\_\_\_\_\_  
Steve Palmer

\_\_\_\_\_  
John Reed

AERS MIDWEST, INC.

By: \_\_\_\_\_