

10-25-2000

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



101496815

**RECORDATION 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

Reel #

Frame #

☐ Corrective Document

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

Execution Date
Month Day Year

Name (line 1)

American Metals Recovery Corporation

09-28-00

Name (line 2)

a Washington Corporation

Second Party

Name (line 1)

Name (line 2)

Execution Date
Month Day Year

Receiving Party

☐ Mark if additional names of receiving parties attached

Name (line 1)

Whitman, Chester W.

Name (line 2)

Address (line 1)

3518 W. Marginal Way

Address (line 2)

Address (line 3)

Seattle

Washington

98106

City

State/Country

Zip Code

☐ 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.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

FOR OFFICE USE ONLY

10/24/2000 MTHAI1 00000136 09478625

01 FC:581

40.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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

PATENT
REEL: 011169 FRAME: 0405

Correspondent Name and Address

Area Code and Telephone Number (503) 234-6980

Name McTaggart, Ingrid M.

Address (line 1) Attorney at Law

Address (line 2) 1435 S.E. Salmon Street

Address (line 3) Portland, Oregon 97214

Address (line 4)

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

8

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)

09478625

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

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.

1

Fee Amount

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

Method of Payment:

Deposit Account

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

Enclosed ☒

Deposit 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.

Ingrid McTaggart
Name of Person Signing

Ingrid McTaggart
Signature

10/5/00
Date

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") is made as of the 28th day of September, 2000, by American Metals Recovery Corporation, a Washington corporation (the "Debtor") in favor of Chester W. Whitman ("Secured Party").

1. Grant of Security Interest. For valuable consideration, the receipt and sufficiency of which are hereby acknowledged and in order to secure the payment and performance of the Obligations (as defined in section 2 below), Debtor hereby assigns and pledges to Secured Party, and hereby grants to Secured Party, a security interest in and to all of Debtor's estate, right, title and interest in and to the following property, wherever located and whether now existing or hereafter arising or acquired, together with all accessions and additions thereto, and all products and proceeds thereof (collectively, the "Collateral"):

All of Debtor's intellectual property and related property rights, patents, patent applications, test data and results, engineering work and all work product of Debtor and Debtor's employees including, but not limited to, technology covered under international patent application PCT/05145 and US patent application 09/478,625 (including any subsequent amendments thereto).

Where applicable, all undefined terms used herein shall have the same meaning as set forth in the Uniform Commercial Code in effect in the State of Washington, as amended (the "Washington UCC").

2. Obligations Secured. This Agreement secures the following (the "Obligations"):

2.1 The payment and performance of all liabilities and obligations of Debtor to Secured Party now or hereafter existing, whether for principal, interest, fees, expenses or otherwise and as the same may be amended, assigned, assumed, renewed, restated, supplemented or otherwise modified from time to time, including without limitation that certain Promissory Note dated as of the date hereof in the amount of One Hundred Forty Four Thousand Five Hundred Dollars (\$144,500.00) payable to Secured Party and made by Debtor, and all renewals and extensions thereof.

2.2 The payment and performance of all obligations of Debtor, whether now or hereafter arising, under that certain obligation of Debtor to BF Goodrich in the principal amount of Four Hundred Eighty Thousand Dollars (\$480,000.00), which obligation is guaranteed by Secured Party.

2.3 The payment and performance of all other obligations of Debtor to Secured Party under this Security Agreement.

3. Debtor Remains Liable. Anything herein to the contrary notwithstanding: (a) Debtor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed; (b) the exercise by Secured Party of any of the rights hereunder shall not release Debtor from any of its duties or obligations under the

contracts and agreements included in the Collateral; and (c) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Representations and Warranties. Debtor represents and warrants to the Secured Party on the date hereof that the following statements are true, correct and complete:

4.1 All of the Equipment is located within the state of Washington. The chief place of business and chief executive office of Debtor and the office where Debtor keeps its records concerning the Collateral is located at its address at 950 Andover Park East, Suite 19, Tukwila, Washington and will not, during the continuance of this Agreement, be removed from those premises without the prior written consent of Secured Party.

4.2 Debtor is the legal and beneficial owner of the Collateral free and clear of any lien except for the security interest created by this Agreement. No effective financing statement or other document similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party.

4.3 This Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of amounts owing by Debtor to Secured Party, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Debtor has the power and authority to execute, deliver, and perform its obligations hereunder, and to grant the security interest provided for herein, and all related documents, and has taken all necessary action to authorize the execution, delivery and performance of, and grant of a security interest pursuant to, this Security Agreement and all related documents.

4.4 No consent of any other person or entity and no authorization, approval or other action by, and no notice to or filing with, any governmental authority is required (a) for the grant by Debtor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by Debtor; (b) for the perfection or maintenance of the security interest created hereby (including the senior priority nature of such security interest); or (c) to Debtor's knowledge, for the exercise by Secured Party of its rights, powers, privileges, and remedies hereunder or in connection herewith.

5. Affirmative Covenants.

5.1 Title to Collateral. Debtor shall not create or permit the existence of claims, interests, liens or other encumbrances against any of the Collateral. Debtor shall provide prompt written notice to Secured Party of any future claims, interest, liens or encumbrances against any of the Collateral, and shall defend diligently Debtor's and Secured Party's interests (including the priority of such interests) in all of the Collateral.

5.2 Repair of Collateral. Debtor shall maintain the Collateral, and each part of the Collateral, in good order and repair at Debtor's own cost and expense and shall not

use the Collateral or any part of it in a manner resulting or likely to result in waste or unreasonable deterioration of the Collateral.

5.3 Insurance. Debtor shall maintain insurance with insurance companies or associations acceptable to Secured Party in such amounts and covering such risks as are usually carried by companies engaged in the same business and similarly situated.

5.4 Taxes and Assessments. Debtor shall pay as they become due all taxes and assessments levied or assessed against the Collateral, or any part of the Collateral, prior to the final termination of this Agreement.

5.5 Disposition of Collateral. Debtor shall keep the Collateral separate and identifiable from other property owned by Debtor or located on the same premises as Collateral and Debtor shall not, without the prior written consent of Secured Party, sell, lease, or otherwise dispose of any portion of the Collateral until all amounts secured by this Agreement have been fully paid.

5.6 Change in Location. Debtor agrees not to change the location of its place of business or chief executive office and not to keep or hold any Collateral or any records related thereto at any location other than the location described herein.

5.7 Condition of Books and Records. Debtor shall maintain complete, accurate and up-to-date books, records, accounts, and other information relating to all Collateral in such form and in such detail as may be reasonably satisfactory to Secured party, and shall allow Secured party or its representatives to examine and copy such books, records, accounts and other information at any reasonable time. Debtor shall furnish to Secured Party statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

5.8 Further Assurances. Debtor agrees that from time to time, at the expense of Debtor, Debtor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted in this Agreement or to enable Secured Party to exercise and enforce his rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Debtor will, upon Secured Party's request, execute and file such financing or continuation statements, or amendments thereto, and such other instruments, as may be necessary or desirable, or as Secured Party may reasonably request, in order to perfect and preserve the security interests granted hereby.

5.9 Certain Payments. Except as may be consented to by Secured Party in writing, Debtor shall not: (a) make any payment to a creditor, supplier, employee or other person or entity other than in the ordinary and usual course of business; (b) pay any dividends or make any distributions to its shareholders; (c) make any payments to any of its officers, directors, or shareholders other than payment of salaries in the ordinary course of business and consistent with past practices; or (d) make any payments in excess

of Twenty Thousand Dollars (\$20,000.00), other than to non-affiliated suppliers and vendors.

6. Events of Default. Each of the following shall constitute an Event of Default hereunder:

6.1 Breach of Covenant. Failure by Debtor to comply with any covenant or agreement contained in this Agreement.

6.2 Breach of Warranty. Any representation or warranty made by Debtor herein shall prove to have been false or misleading when made.

6.3 Payment Default. Debtor shall fail to pay when due any principal or any installment of interest under any obligation secured by this Agreement or the security interest created by this Agreement.

6.4 Cross-default. Failure by Debtor to comply with its obligations to BF Goodrich under the Agreement guaranteed by Secured Party.

6.5 Insolvency. Debtor should: (a) become insolvent; or (b) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (c) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application, consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (d) commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction, which, in the case of a proceeding commenced against Debtor, is not dismissed within 45 days.

7. Remedies. If an event of default shall occur, Secured Party shall have all the rights and remedies afforded a secured party by law including all the rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not the Code applies to the affected Collateral), and may also:

7.1 Enter on Debtor's premises to assemble and take possession of the Collateral.

7.2 Require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party that is reasonably convenient to both Debtor and Secured Party.

7.3 Enter Debtor's premises, render the Collateral unusable, and dispose of it in the manner provided by the law.

7.4 Apply the proceeds received from the sale or other disposition of the Collateral on default of Debtor to the payment of reasonable attorneys' fees and legal expenses incurred by Secured Party as a result of Debtor's default, in addition to those purposes provided for by the law.

7.5 Without charge by Debtor, use or sublicense the use of any patent, trademark, service mark, trade name or other intellectual property or technical process used by Debtor in connection with any of the Collateral, (and such use or right of use shall inure to the benefit of all successors, assigns and transferees of Secured Party and their successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise); and

8. General Provisions.

8.1 No Waiver; Remedies Cumulative. Neither the acceptance of any partial or delinquent payment by Secured Party, nor Secured Party's failure to exercise any of its rights or remedies on default by Debtor, shall be a waiver of the default, a modification of this Agreement or of Debtor's obligations under this Agreement, or a waiver of any subsequent default by Debtor. The rights and remedies provided herein are cumulative and not exclusive of any right or remedy provided by law.

8.2 Notices. All notices or other communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either party by the other party to this Agreement shall be in writing and shall be deemed duly served, delivered, and received when personally delivered to the party to whom it is directed, or in lieu of such personal delivery, when deposited in the United States mail, first class postage prepaid, addressed as follows:

To Secured Party at: Mr. Chester W. Whitman
 12609 SW 158th Street
 Vashon, WA 98070

To Debtor at: Mr. Gary Goldwood
 American Metals Recovery Corporation
 950 Andover Park East
 Suite 19
 Tukwila, WA 98188

Either party may change its or address for the for the purpose of this paragraph by giving written notice of such change to the other party in the manner provided in this paragraph.

8.3 Time of Essence. Time is of the essence of this Agreement.

8.4 Assignment. This Agreement shall be binding on the heirs, executors, administrators, successors, and assigns of each of the parties hereto, provided that Debtor shall not assign this Agreement, or delegate any of its obligations hereunder, without the written consent of Secured Party. Secured Party may assign this Agreement on written notice to the Debtor.

8.5 Governing Law. The validity, interpretation, and performance of this Agreement shall be governed by and construed under the laws of the State of Washington.

8.6 Costs and Attorneys' Fees. Except as prohibited by law, if at any time during the existence of an Event of Default, Secured Party employs counsel in connection with the preservation or release of the security interest of Secured Party in the Collateral or the enforcement of any of Secured Party's rights or remedies hereunder, all of Secured Party's reasonable attorneys' fees arising from such services and all other reasonable expenses, costs, or charges relating thereto shall become part of the Obligations secured hereby and be paid by Debtor on demand.

8.7 No Obligation to Make Loans. Nothing contained herein or in any financing statement or other collateral document executed or filed in connection herewith shall be construed to obligate Secured Party to make any loans to Debtor.

8.8 Revival of Obligations. To the extent Debtor or any third party makes a payment or payments to Secured Party in satisfaction or partial satisfaction of the Obligations or Secured Party enforces its security interest or exercises any right of set off, and such payment or payments or the proceeds thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, and/or required to be repaid to a trustee, receiver, or any other party under any bankruptcy, insolvency or other law or in equity, then, to the extent of such recovery, the Obligations or any part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment or payments had not been made, or such enforcement or set off had not occurred.

8.9 Performance by Secured Party. Upon the occurrence and during the continuance of a Default hereunder, Secured Party may, at its option and upon not less than five (5) days prior written notice to Debtor, without obligation and without waiving or diminishing any of its other rights or remedies hereunder, fully perform or discharge any of such duties. All reasonable costs and expenses incurred by Secured Party in connection therewith, together with interest at the rate of eighteen percent (18%) per annum shall become part of the Obligations secured hereby and be paid by Debtor upon demand.

8.10 Indemnification, Etc. Debtor hereby expressly indemnifies and holds Secured Party harmless from any and all claims, causes of action, or other proceedings, and from any and all liability, loss, damage, and expense of every nature, arising by reason of Secured Party's enforcement of its rights and remedies hereunder, or by reason of Debtor's failure to comply with any of its obligations under this Agreement, other than any such claim, cause of action or other proceeding, liability, loss, damage or expense arising by reason of gross negligence, willful misconduct, violation of the provisions of this Agreement or violation of law on the part of Secured Party. In any suit, proceeding or action brought by Secured Party under any account for any sum owing thereunder, or to enforce any provisions of any account, Debtor will save, indemnify and keep Secured Party harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or any other obligor thereunder, arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors from

Debtor (except to the extent any such expense, loss or damage results from the gross negligence or willful misconduct of Secured Party). The obligations of Debtor under this Section 8.10 shall survive the termination of the other provisions of this Security Agreement.

8.11 Power of Attorney. Debtor hereby constitutes and appoints Secured Party or Secured Party's designee during the term of any Obligations secured by this Security Agreement as its attorney-in-fact, effective only upon the occurrence of a Default hereof, which appointment is an irrevocable, durable agency, coupled with an interest, with full power of substitution. This power of attorney and mandate is solely for the purpose of taking, whether in the name of Debtor or in the name of Secured Party, any action which Debtor is obligated to perform hereunder, provided Secured Party has complied with the provisions of this Agreement, including any required notice to Debtor. The powers conferred upon Secured Party in this Section are solely to protect its interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall exercise its power of attorney only upon occurrence of a Default and shall not be exercised after such Default no longer continues or after the obligations have been paid in full; provided, however, that this shall not be construed as prohibiting the Debtor from contesting the existence of an Event of Default.

8.12 Continuing Effect. This Security Agreement, the security interest of Secured Party in the Collateral, and all other documents or instruments contemplated hereby shall continue in full force and effect until all of the Obligations have been satisfied in full and have been terminated in accordance with their respective terms.

8.13 Security Agreement as Financing Statement. A photographic copy or other reproduction of this Security Agreement may be used as a financing statement.

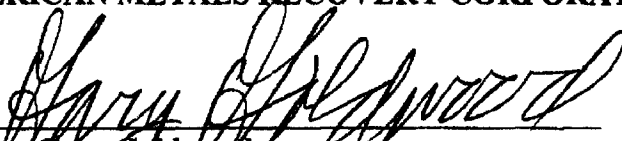
8.14 Severability. The provisions of this Agreement shall be deemed severable, and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall remain in full force and effect.

8.15 Entire Agreement; Amendments. This instrument constitutes the entire agreement between the parties respecting the subject matter hereof. Any prior agreements, promises, negotiations or representations concerning the subject matter of this Agreement not expressly set forth herein are no longer of any force or effect. This Agreement shall not be amended except by written instrument signed by the party to be bound.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be executed and attested and delivered as of the date first shown above.

DEBTOR:

AMERICAN METALS RECOVERY CORPORATION

By: 

Name: Gary Goldwood

Title: President

SECURED PARTY:

CHESTER W. WHITMAN

By: 