

Form PTO-1595
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07-18-2002

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Resubm



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To the Honorable Commissioner

Send original documents or copy thereof.

1. Name of conveying party(ies):

Oskar F. Vatterott, Inc.

3-22-02

2. Name and address of receiving party(ies)

Name: See Exhibit A

Internal Address: _____

Street Address: _____

City: _____ State: _____ Zip: _____

Additional name(s) & address(es) attached? Yes No

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger
- Security Agreement Change of Name
- Other Notice of Claim

Execution Date: 2/11/02

OFFICE OF PATENT & TRADEMARKS
2002 MAR 02 11 11 AM '02
FINANCE SECTION

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: _____

A. Patent Application No.(s) U.S. Patent
Application No. 09/997,712

B. Patent No.(s) _____

Additional numbers attached? Yes No

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

Name: Mark A. McColl, Esq.

Internal Address: _____

Street Address: 168 N. Meramec, Suite 400

City: St. Louis State: MO Zip: 63105

6. Total number of applications and patents involved:

7. Total fee (37 CFR 3.41).....\$ 40.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.

Mark A. McColl
Name of Person Signing

[Signature]
Signature

3/12/02
Date

Total number of pages including cover sheet, attachments, and documents:

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

PATENT
REEL: 013085 FRAME: 0051

04/08/2002 TBI8Z1 00000065 09997712

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EXHIBIT A

NAME AND ADDRESS OF RECEIVING PARTY(IES)

Irwin S. Shayne
200 S. Brentwood Blvd.
St. Louis, MO 63105

Melvin D. Churovich
8833 General Grant Lane
St. Louis, MO 63123

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement"), is made and entered into this 22 day of June, 2001, by and between Oskar F. Vatterott, Inc., a Missouri corporation ("Grantor"), and Melvin D. Churovich ("Secured Party").

1. Liabilities and Obligations of Grantor and Grant of Security Interest. To secure the payment of certain liabilities and obligations of Grantor to Secured Party under and pursuant to a certain First Amended Promissory Note (the "Note") of even date herewith, made by Grantor to the order of Secured Party and in the principal amount of Four Hundred Four Thousand, One Hundred Ninety-Two and 00/100 (\$404,192.00) (hereinafter referred to as the "Obligation"), and to secure the performance and observance of all the covenants and conditions contained herein, Grantor hereby grants to Secured Party a security interest in, to and against all of Grantor's accounts, accounts receivable, chattel paper, general intangibles, letters of credit, instruments and documents from the sale of goods, contract rights, inventory, materials, merchandise, supplies, machinery, equipment, furniture, fixtures, furnishings, computer hardware, computer software programs and data bases, patents, copyrights, trademarks, intellectual property, books, records, customer lists and all other assets of Grantor, together with all accessions, appurtenances and additions to and substitutions for any of the foregoing and all products and proceeds of any of the foregoing, together with all renewals and replacements of any of the foregoing, all accounts, receivables, account receivables, instruments, notes, chattel paper, documents (including all documents of title), books, records, contract rights and general intangibles arising in connection with any of the foregoing (including all insurance and claims for insurance affected or held for the benefit of Grantor or Secured Party in respect of the foregoing) and together with all general intangibles now owned by Grantor or existing or hereafter acquired, created or arising (hereinafter collectively, the "Collateral").

2. Representations and Warranties. Grantor represents and warrants to Secured Party that:

(a) The execution, delivery and performance of this Agreement is within Grantor's powers, having been duly authorized by the requisite actions and the same do not violate any law or the terms of any indenture, agreement or undertaking to which Grantor is a party or by which Grantor is bound; and

(b) Grantor is the owner of full title to the Collateral free and clear from any security interest, lien, claim or encumbrance of any other person, firm, partnership or corporation other than those provided on Exhibit A attached hereto and incorporated herein; and

(c) Grantor has all right, full power and authority to grant a security interest in the Collateral to Secured Party for the uses and purposes set forth herein and will warrant and defend its title to the Collateral against all claims and demands whatsoever at Grantor's cost.

3. Covenants and Agreements. Grantor covenants and agrees as follows:

(a) To keep the Collateral free from any adverse lien, security interest or encumbrance, except as otherwise permitted herein;

(b) To not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein, other than in the ordinary course of Grantor's business, without the prior consent of Secured Party;

(c) To keep the Collateral in good order and repair and not waste or destroy the Collateral or any part thereof nor use the Collateral in violation of any statute, ordinance, or state or federal regulation;

(d) To permit Secured Party and its representatives, at any time, to inspect the Collateral, and to inspect, audit, check and make copies of any extracts from Grantor's books, records, journals, orders, and all other papers in the possession of Grantor pertaining to the Collateral and account debtors and, on request of Secured Party, deliver to Secured Party all such records and papers. Grantor shall at all times maintain accurate books and records in forms satisfactory to Secured Party relating to the possession and sale of the Collateral and the proceeds thereof;

(e) To furnish to Secured Party financial statements and such other reports with respect to its business and financial condition as Secured Party may request. Such financial statements, if requested by Secured Party, shall be prepared and certified by an independent certified public accountant. Secured Party shall have the right to have an accountant of its choice conduct an audit of Grantor's financial statements at Grantor's sole cost and expense;

(f) To keep all Collateral at its principal place of business unless Secured Party agrees otherwise in writing. Grantor shall further keep all records concerning the Collateral at its principal place of business which records will be of such character as to enable Secured Party or its representatives to determine at any time the status thereof, and Grantor will not, unless Secured Party shall consent in writing, maintain or keep a copy of any such record at any other address;

(g) To keep the Collateral fully insured, at Grantor's sole cost, at amounts satisfactory to Secured Party against loss, damage, theft and such other risks as Secured Party may require, in such form, for such amounts, for such periods and written by such companies as may be satisfactory to Secured Party. At the request of Secured Party, Grantor will provide Secured Party with copies of such insurance policies or certificates thereof. All policies of insurance shall name Secured Party as an additional insured party, and shall contain such other endorsements as Secured Party may from time to time request. Such insurance policies shall also provide for not less than thirty (30) days written notice to Secured Party prior to any amendment thereto or termination or cancellation thereof. Grantor hereby assigns to Secured Party, its successors and assigns, the proceeds of all such insurance to the extent of any unpaid balance of the Obligation and subject to the right of any first lienholder listed on Exhibit A; directs any insurer to make payments directly to Secured Party; and appoints Secured Party as its attorney-in-fact to file claims under any such insurance policies, to receive, compromise, settle and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. Secured Party may apply any proceeds of such insurance which may be received by it toward payment of the Obligation, whether or not due, in such order of application as Secured Party may determine;

(h) To pay promptly when due all taxes, assessments and other charges levied or assessed upon the Collateral and upon request of Secured Party, Grantor shall furnish or cause to be furnished to Secured Party copies of all tax bills, levies or assessments evidencing payment thereof;

(i) To, upon request of Secured Party, promptly do all acts and things and execute and file all instruments (including, but not by way of limitation, security agreements, financing statements and statements of change) deemed necessary by Secured Party to establish, maintain and continue the perfection of Secured Party's security interest in the Collateral, and to pay all costs and expenses incident to filing, recording, perfecting or keeping perfected the security interest granted hereby. In the event Grantor fails to perform the foregoing, Grantor agrees to promptly reimburse Secured Party for such costs and/or expenses incurred by Secured Party, including the costs of any searches deemed necessary by Secured Party to establish, determine or maintain the validity and the priority of the security interest of Secured Party, and all fees and expenses paid or incurred by Secured Party in connection with the foregoing; or otherwise satisfy all other claims and charges which in the opinion of Secured Party might prejudice, imperil or otherwise affect the Collateral or Secured Party's security interest therein. A photocopy of this Agreement shall be deemed an original for purposes of filing or recording; and

(j) To allow Secured Party, from time to time, at Secured Party's sole option and without notice to Grantor, to perform any undertaking of Grantor hereunder which the Grantor shall fail to perform and take any other action which Secured Party deems necessary for the maintenance or preservation of any of the Collateral or the interest of Secured Party therein, including, without limitation, the discharge of taxes, liens, security interests or other encumbrances of any kind against the Collateral or the procurement of insurance; and Grantor agrees to forthwith reimburse Secured Party, on demand, for all payments, fees, costs and expenses of whatever kind and nature incurred by Secured Party in connection with the foregoing, together with interest thereon at the rate of interest provided for past due amounts under the Note from the date of demand until reimbursed by Grantor. Any amounts not so reimbursed within ten (10) days after demand shall be added to and become a part of the Obligation secured hereby. Secured Party may, after a default hereunder, for the foregoing purposes, act in its own name or that of Grantor and may also so act for the purpose of adjusting, settling or endorsing any policy of insurance on the Collateral or endorsing any draft received in connection therewith, and for such purposes, Grantor hereby grants to Secured Party its power of attorney, irrevocable so long as any obligation secured hereunder shall be outstanding.

4. Default. Grantor shall be in default under this Agreement upon the occurrence of any of the following events or conditions:

(a) Non-payment when due, whether by acceleration or otherwise, of any amount payable under the Obligation to Secured Party secured hereby;

(b) Any breach or failure of Grantor to perform, observe or otherwise keep any covenant, promise, term, condition, obligation or liability contained or referred to herein, whether in the Obligation or this Agreement;

(c) If any warranty, representation or statement made or furnished in any manner to Secured Party by or on behalf of Grantor in connection with this Agreement or all or a part of the Obligation, or otherwise, shall be breached or was false or misleading in any material respect or

omitted to state facts necessary to make the facts stated therein not misleading when made or furnished;

(d) Any loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;

(e) The issuance of any money judgments, tax levy, attachment, garnishment, levy of execution, or other process at any time against Grantor or the Collateral;

(f) Any suspension of payment(s) by Grantor to any creditor (other than payments in dispute in good faith with trade creditors) or the occurrence of any event or condition which constitutes, or upon the lapse of time or the giving of notice, or both, would constitute a default or an event of default with respect to any indebtedness of the Grantor outstanding or under any indenture, agreement, instrument or undertaking under or pursuant to which any such indebtedness may have been issued, created, assumed or guaranteed by Grantor, or if any such indebtedness be declared due and payable prior to the stated maturity thereof;

(g) The dissolution, termination of existence, insolvency, cessation of business of Grantor, or entry of any judgment against Grantor, or if Grantor shall admit in writing the inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; commence a proceeding for, or consent to, the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any of its property; or file a petition or answer seeking reorganization or arrangement or similar relief under Federal Bankruptcy laws or any other applicable law or statute of the United States or any state; or the failure of Grantor to permit the inspection of the Collateral, books and records of Grantor or to provide Secured Party with financial information within ten (10) days after being requested by Secured Party; and

(h) The belief by Secured Party, reasonably based, that the prospect of payment of the Obligation secured hereby or the performance of this Agreement is impaired and Grantor's failure to provide written assurances to Secured Party, within five (5) days of receipt of notice from Secured Party of such belief, that the same is unfounded or, if true, will be corrected, and, in the event such belief is accurate, the subject of such belief is not corrected by Grantor within ten (10) days of receipt of notice from Secured Party.

5. Rights and Remedies Upon Default and Further Agreements of Grantor.

(a) Upon default hereunder, at the option of Secured Party, the Obligation secured hereby shall immediately become due and payable, without protest, presentment, notice or demand, all of which are hereby expressly waived by Grantor. Secured Party shall at that time and any time thereafter have the remedies granted hereunder and those of a secured party under the Uniform Commercial Code of the State of Missouri, which remedies shall include, but not be limited to, the right to enter on any premises of Grantor and remove the Collateral or any of its proceeds.

(b) Grantor, when requested in writing by Secured Party, shall assign or endorse the accounts receivable and all revenue from the business activities of Grantor to Secured Party; shall notify all account debtors that the accounts receivable have been assigned to and should be paid to

Secured Party; and shall deliver to Secured Party promptly on receipt, all revenue from the business activities of Grantor.

(c) Grantor agrees to pay all costs of Secured Party in the collection of the Obligation secured hereunder and enforcement of rights hereunder, whether or not litigation is commenced, including, without limitation, reasonable attorneys' fees and expenses of collection. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonable and properly given if mailed, postage prepaid, at least five (5) days before any such disposition to the address of Grantor indicated at the beginning of this Agreement. Secured Party shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale. Grantor hereby waives any claims against Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the aggregate amount of the Obligation secured hereunder, even if Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree. The proceeds of any sale shall be applied in the following order; first, to pay all costs and expenses of every kind for care, safekeeping, collection, sale, delivery or otherwise (including expenses incurred in the protection of Secured Party's title to or lien upon or right in any such property, expenses for legal services of any kind in connection therewith or in making any such sale or sales, insurance, commission for sale and guaranty); then to the Obligation in such order as Secured Party shall elect in its sole discretion. Secured Party may, at its discretion, apply any surplus to indebtedness of Grantor to third parties claiming a secondary security interest in the Collateral. Any remaining surplus, shall be paid to Grantor or its successors or assigns, or as a court of competent jurisdiction may direct. If the proceeds of any such sale or sales or other realization of or upon the Collateral are insufficient to pay the Obligation secured hereby in full, as well as the costs and expenses of such realization, Grantor agrees to pay and shall be liable for the balance thereof on demand.

6. Rights of the Parties with Respect to the Indebtedness and the Collateral. Secured Party shall not be deemed to have waived or modified any of Secured Party's rights hereunder or under any other writing signed by Grantor unless such waiver or modification be in writing and signed by Secured Party, and then such waiver or modification shall be effective only for the period and under the terms and conditions as are specifically set forth therein. No failure, delay or omission on the part of Secured Party in exercising any right, power or remedy and no course of dealing by the Secured Party shall operate as a waiver or modification of such right, power or remedy, or any other right, power or remedy. No waiver of any default on one occasion shall operate as a waiver of any other default or of the same default on a future or different occasion. All of Secured Party's rights and remedies, whether evidenced hereby or by any other writing, shall be cumulative and may be exercised from time to time singularly, concurrently or successively and are not exclusive of any remedies provided by law. If any paragraph or any part of any paragraph of this Agreement shall be construed to be illegal or invalid, such paragraph or part thereof shall be considered separately from the remainder of this Agreement and shall have no effect on the validity or legality of the remainder of this Agreement. No extension, forbearance or leniency extended by Secured Party to Grantor, no exercise or non-exercise by Secured Party of any right, no dealing by Secured Party with Grantor or any other person or entity and no change, impairment, forfeiture or suspension of any rights or remedy of Secured Party shall in any way give Grantor any recourse against Secured Party. Grantor agrees that the Obligation and the security provided by the Collateral shall not be affected or exonerated by any delay or failure by Secured Party to assert any claim or demand or to enforce any remedy against Grantor or any other person or entity. To the extent that Secured Party is forced,

or has demand made upon it by any governmental or judicial authority, to pay, repay, refund or disgorge any monies paid by Grantor to Secured Party on the Obligation, then to the extent of any such payment, repayment, refunding or disgorging, there shall be a reinstatement of the Obligation and this Agreement shall secure such reinstated Obligation and encumber the Collateral to the full extent that this Agreement secured the Obligation and encumbered the Collateral prior to any such payment.

7. Miscellaneous.

(a) When used herein, the male gender shall include the female and neuter as the case may be and the singular shall include the plural and vice versa where appropriate.

(b) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

(c) This Agreement shall be governed by and construed under the laws of the State of Missouri without regard to its conflicts of laws provisions.

(d) This Agreement, or any provision hereof, may be changed, waived or terminated only by a statement in writing signed by the party against which such change, waiver or termination is sought to be enforced.

(e) The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

(f) All notices, consents or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when personally delivered, (ii) three (3) business days after being mailed by first class certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after being sent by a reputable overnight delivery service, postage or delivery charges prepaid, to the parties at their respective addresses stated below. Any party may change its address for notice and the address to which copies must be sent by giving notice of the new addresses to the other parties in accordance with this Subparagraph 7(f), except that any such change of address notice shall not be effective unless and until received.

If to Grantor:

Oskar F. Vatterott, Inc.
1904 W. Main Street
Washington, MO 63090

If to Secured Party:

Melvin D. Churovich
8833 General Grant Lane
St. Louis, MO 63123

(g) If any provision of this Agreement should be found to be invalid or unenforceable, all of the other provisions shall nonetheless remain in full force and effect to the maximum extent permitted by law.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by Grantor to Secured Party on the date first above written.

GRANTOR:

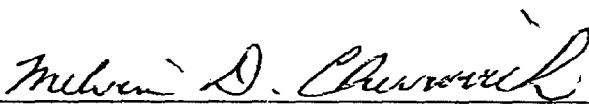
OSKAR F. VATTEROTT, INC.,
a Missouri corporation

By: 

Name: OSKAR F. VATTEROTT

Title: PRESIDENT

SECURED PARTY:



Melvin D. Churovich

EXHIBIT A

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement"), is made and entered into this 22nd day of June, 2001, by and between Oskar F. Vatterott, Inc., a Missouri corporation ("Grantor"), and Irwin S. Shayne ("Secured Party").

1. Liabilities and Obligations of Grantor and Grant of Security Interest. To secure the payment of certain liabilities and obligations of Grantor to Secured Party under and pursuant to a certain First Amended Promissory Note (the "Note") of even date herewith, made by Grantor to the order of Secured Party and in the principal amount of Three Hundred Forty-Six Thousand, Five Hundred Twenty-Four and 00/100 (\$346,524.00) (hereinafter referred to as the "Obligation"), and to secure the performance and observance of all the covenants and conditions contained herein, Grantor hereby grants to Secured Party a security interest in, to and against all of Grantor's accounts, accounts receivable, chattel paper, general intangibles, letters of credit, instruments and documents from the sale of goods, contract rights, inventory, materials, merchandise, supplies, machinery, equipment, furniture, fixtures, furnishings, computer hardware, computer software programs and data bases, patents, copyrights, trademarks, intellectual property, books, records, customer lists and all other assets of Grantor, together with all accessions, appurtenances and additions to and substitutions for any of the foregoing and all products and proceeds of any of the foregoing, together with all renewals and replacements of any of the foregoing, all accounts, receivables, account receivables, instruments, notes, chattel paper, documents (including all documents of title), books, records, contract rights and general intangibles arising in connection with any of the foregoing (including all insurance and claims for insurance affected or held for the benefit of Grantor or Secured Party in respect of the foregoing) and together with all general intangibles now owned by Grantor or existing or hereafter acquired, created or arising (hereinafter collectively, the "Collateral").

2. Representations and Warranties. Grantor represents and warrants to Secured Party that:

(a) The execution, delivery and performance of this Agreement is within Grantor's powers, having been duly authorized by the requisite actions and the same do not violate any law or the terms of any indenture, agreement or undertaking to which Grantor is a party or by which Grantor is bound; and

(b) Grantor is the owner of full title to the Collateral free and clear from any security interest, lien, claim or encumbrance of any other person, firm, partnership or corporation other than those provided on Exhibit A attached hereto and incorporated herein; and

(c) Grantor has all right, full power and authority to grant a security interest in the Collateral to Secured Party for the uses and purposes set forth herein and will warrant and defend its title to the Collateral against all claims and demands whatsoever at Grantor's cost.

3. Covenants and Agreements. Grantor covenants and agrees as follows:

(a) To keep the Collateral free from any adverse lien, security interest or encumbrance, except as otherwise permitted herein;

(b) To not sell, transfer, lease or otherwise dispose of any of the Collateral or any interest therein, other than in the ordinary course of Grantor's business, without the prior consent of Secured Party;

(c) To keep the Collateral in good order and repair and not waste or destroy the Collateral or any part thereof nor use the Collateral in violation of any statute, ordinance, or state or federal regulation;

(d) To permit Secured Party and its representatives, at any time, to inspect the Collateral, and to inspect, audit, check and make copies of any extracts from Grantor's books, records, journals, orders, and all other papers in the possession of Grantor pertaining to the Collateral and account debtors and, on request of Secured Party, deliver to Secured Party all such records and papers. Grantor shall at all times maintain accurate books and records in forms satisfactory to Secured Party relating to the possession and sale of the Collateral and the proceeds thereof;

(e) To furnish to Secured Party financial statements and such other reports with respect to its business and financial condition as Secured Party may request. Such financial statements, if requested by Secured Party, shall be prepared and certified by an independent certified public accountant. Secured Party shall have the right to have an accountant of its choice conduct an audit of Grantor's financial statements at Grantor's sole cost and expense;

(f) To keep all Collateral at its principal place of business unless Secured Party agrees otherwise in writing. Grantor shall further keep all records concerning the Collateral at its principal place of business which records will be of such character as to enable Secured Party or its representatives to determine at any time the status thereof, and Grantor will not, unless Secured Party shall consent in writing, maintain or keep a copy of any such record at any other address;

(g) To keep the Collateral fully insured, at Grantor's sole cost, at amounts satisfactory to Secured Party against loss, damage, theft and such other risks as Secured Party may require, in such form, for such amounts, for such periods and written by such companies as may be satisfactory to Secured Party. At the request of Secured Party, Grantor will provide Secured Party with copies of such insurance policies or certificates thereof. All policies of insurance shall name Secured Party as an additional insured party, and shall contain such other endorsements as Secured Party may from time to time request. Such insurance policies shall also provide for not less than thirty (30) days written notice to Secured Party prior to any amendment thereto or termination or cancellation thereof. Grantor hereby assigns to Secured Party, its successors and assigns, the proceeds of all such insurance to the extent of any unpaid balance of the Obligation and subject to the right of any first lienholder listed on Exhibit A; directs any insurer to make payments directly to Secured Party; and appoints Secured Party as its attorney-in-fact to file claims under any such insurance policies, to receive, compromise, settle and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. Secured Party may apply any proceeds of such insurance which may be received by it toward payment of the Obligation, whether or not due, in such order of application as Secured Party may determine;

(h) To pay promptly when due all taxes, assessments and other charges levied or assessed upon the Collateral and upon request of Secured Party, Grantor shall furnish or cause to be furnished to Secured Party copies of all tax bills, levies or assessments evidencing payment thereof;

(i) To, upon request of Secured Party, promptly do all acts and things and execute and file all instruments (including, but not by way of limitation, security agreements, financing statements and statements of change) deemed necessary by Secured Party to establish, maintain and continue the perfection of Secured Party's security interest in the Collateral, and to pay all costs and expenses incident to filing, recording, perfecting or keeping perfected the security interest granted hereby. In the event Grantor fails to perform the foregoing, Grantor agrees to promptly reimburse Secured Party for such costs and/or expenses incurred by Secured Party, including the costs of any searches deemed necessary by Secured Party to establish, determine or maintain the validity and the priority of the security interest of Secured Party, and all fees and expenses paid or incurred by Secured Party in connection with the foregoing; or otherwise satisfy all other claims and charges which in the opinion of Secured Party might prejudice, imperil or otherwise affect the Collateral or Secured Party's security interest therein. A photocopy of this Agreement shall be deemed an original for purposes of filing or recording; and

(j) To allow Secured Party, from time to time, at Secured Party's sole option and without notice to Grantor, to perform any undertaking of Grantor hereunder which the Grantor shall fail to perform and take any other action which Secured Party deems necessary for the maintenance or preservation of any of the Collateral or the interest of Secured Party therein, including, without limitation, the discharge of taxes, liens, security interests or other encumbrances of any kind against the Collateral or the procurement of insurance; and Grantor agrees to forthwith reimburse Secured Party, on demand, for all payments, fees, costs and expenses of whatever kind and nature incurred by Secured Party in connection with the foregoing, together with interest thereon at the rate of interest provided for past due amounts under the Note from the date of demand until reimbursed by Grantor. Any amounts not so reimbursed within ten (10) days after demand shall be added to and become a part of the Obligation secured hereby. Secured Party may, after a default hereunder, for the foregoing purposes, act in its own name or that of Grantor and may also so act for the purpose of adjusting, settling or endorsing any policy of insurance on the Collateral or endorsing any draft received in connection therewith, and for such purposes, Grantor hereby grants to Secured Party its power of attorney, irrevocable so long as any obligation secured hereunder shall be outstanding.

4. Default. Grantor shall be in default under this Agreement upon the occurrence of any of the following events or conditions:

(a) Non-payment when due, whether by acceleration or otherwise, of any amount payable under the Obligation to Secured Party secured hereby;

(b) Any breach or failure of Grantor to perform, observe or otherwise keep any covenant, promise, term, condition, obligation or liability contained or referred to herein, whether in the Obligation or this Agreement;

(c) If any warranty, representation or statement made or furnished in any manner to Secured Party by or on behalf of Grantor in connection with this Agreement or all or a part of the Obligation, or otherwise, shall be breached or was false or misleading in any material respect or

omitted to state facts necessary to make the facts stated therein not misleading when made or furnished;

(d) Any loss, theft, damage, destruction, sale or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;

(e) The issuance of any money judgments, tax levy, attachment, garnishment, levy of execution, or other process at any time against Grantor or the Collateral;

(f) Any suspension of payment(s) by Grantor to any creditor (other than payments in dispute in good faith with trade creditors) or the occurrence of any event or condition which constitutes, or upon the lapse of time or the giving of notice, or both, would constitute a default or an event of default with respect to any indebtedness of the Grantor outstanding or under any indenture, agreement, instrument or undertaking under or pursuant to which any such indebtedness may have been issued, created, assumed or guaranteed by Grantor, or if any such indebtedness be declared due and payable prior to the stated maturity thereof;

(g) The dissolution, termination of existence, insolvency, cessation of business of Grantor, or entry of any judgment against Grantor, or if Grantor shall admit in writing the inability to pay its debts as they mature or shall make an assignment for the benefit of its creditors; commence a proceeding for, or consent to, the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any of its property; or file a petition or answer seeking reorganization or arrangement or similar relief under Federal Bankruptcy laws or any other applicable law or statute of the United States or any state; or the failure of Grantor to permit the inspection of the Collateral, books and records of Grantor or to provide Secured Party with financial information within ten (10) days after being requested by Secured Party; and

(h) The belief by Secured Party, reasonably based, that the prospect of payment of the Obligation secured hereby or the performance of this Agreement is impaired and Grantor's failure to provide written assurances to Secured Party, within five (5) days of receipt of notice from Secured Party of such belief, that the same is unfounded or, if true, will be corrected, and, in the event such belief is accurate, the subject of such belief is not corrected by Grantor within ten (10) days of receipt of notice from Secured Party.

5. Rights and Remedies Upon Default and Further Agreements of Grantor.

(a) Upon default hereunder, at the option of Secured Party, the Obligation secured hereby shall immediately become due and payable, without protest, presentment, notice or demand, all of which are hereby expressly waived by Grantor. Secured Party shall at that time and any time thereafter have the remedies granted hereunder and those of a secured party under the Uniform Commercial Code of the State of Missouri, which remedies shall include, but not be limited to, the right to enter on any premises of Grantor and remove the Collateral or any of its proceeds.

(b) Grantor, when requested in writing by Secured Party, shall assign or endorse the accounts receivable and all revenue from the business activities of Grantor to Secured Party; shall notify all account debtors that the accounts receivable have been assigned to and should be paid to

Secured Party; and shall deliver to Secured Party promptly on receipt, all revenue from the business activities of Grantor.

(c) Grantor agrees to pay all costs of Secured Party in the collection of the Obligation secured hereunder and enforcement of rights hereunder, whether or not litigation is commenced, including, without limitation, reasonable attorneys' fees and expenses of collection. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonable and properly given if mailed, postage prepaid, at least five (5) days before any such disposition to the address of Grantor set forth below. Secured Party shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale. Grantor hereby waives any claims against Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such private sale was less than the aggregate amount of the Obligation secured hereunder, even if Secured Party accepts the first offer received and does not offer the Collateral to more than one offeree. The proceeds of any sale shall be applied in the following order; first, to pay all costs and expenses of every kind for care, safekeeping, collection, sale, delivery or otherwise (including expenses incurred in the protection of Secured Party's title to or lien upon or right in any such property, expenses for legal services of any kind in connection therewith or in making any such sale or sales, insurance, commission for sale and guaranty); then to the Obligation in such order as Secured Party shall elect in its sole discretion. Secured Party may, at its discretion, apply any surplus to indebtedness of Grantor to third parties claiming a secondary security interest in the Collateral. Any remaining surplus, shall be paid to Grantor or its successors or assigns, or as a court of competent jurisdiction may direct. If the proceeds of any such sale or sales or other realization of or upon the Collateral are insufficient to pay the Obligation secured hereby in full, as well as the costs and expenses of such realization, Grantor agrees to pay and shall be liable for the balance thereof on demand.

6. Rights of the Parties with Respect to the Indebtedness and the Collateral. Secured Party shall not be deemed to have waived or modified any of Secured Party's rights hereunder or under any other writing signed by Grantor unless such waiver or modification be in writing and signed by Secured Party, and then such waiver or modification shall be effective only for the period and under the terms and conditions as are specifically set forth therein. No failure, delay or omission on the part of Secured Party in exercising any right, power or remedy and no course of dealing by the Secured Party shall operate as a waiver or modification of such right, power or remedy, or any other right, power or remedy. No waiver of any default on one occasion shall operate as a waiver of any other default or of the same default on a future or different occasion. All of Secured Party's rights and remedies, whether evidenced hereby or by any other writing, shall be cumulative and may be exercised from time to time singularly, concurrently or successively and are not exclusive of any remedies provided by law. If any paragraph or any part of any paragraph of this Agreement shall be construed to be illegal or invalid, such paragraph or part thereof shall be considered separately from the remainder of this Agreement and shall have no effect on the validity or legality of the remainder of this Agreement. No extension, forbearance or leniency extended by Secured Party to Grantor, no exercise or non-exercise by Secured Party of any right, no dealing by Secured Party with Grantor or any other person or entity and no change, impairment, forfeiture or suspension of any rights or remedy of Secured Party shall in any way give Grantor any recourse against Secured Party. Grantor agrees that the Obligation and the security provided by the Collateral shall not be affected or exonerated by any delay or failure by Secured Party to assert any claim or demand or to enforce any remedy against Grantor or any other person or entity. To the extent that Secured Party is forced,

or has demand made upon it by any governmental or judicial authority, to pay, repay, refund or disgorge any monies paid by Grantor to Secured Party on the Obligation, then to the extent of any such payment, repayment, refunding or disgorging, there shall be a reinstatement of the Obligation and this Agreement shall secure such reinstated Obligation and encumber the Collateral to the full extent that this Agreement secured the Obligation and encumbered the Collateral prior to any such payment.

7. Miscellaneous.

(a) When used herein, the male gender shall include the female and neuter as the case may be and the singular shall include the plural and vice versa where appropriate.

(b) Except as otherwise herein provided, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

(c) This Agreement shall be governed by and construed under the laws of the State of Missouri without regard to its conflicts of laws provisions.

(d) This Agreement, or any provision hereof, may be changed, waived or terminated only by a statement in writing signed by the party against which such change, waiver or termination is sought to be enforced.

(e) The various headings in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

(f) All notices, consents or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given (i) when personally delivered, (ii) three (3) business days after being mailed by first class certified mail, return receipt requested, postage prepaid, or (iii) one (1) business day after being sent by a reputable overnight delivery service, postage or delivery charges prepaid, to the parties at their respective addresses stated below. Any party may change its address for notice and the address to which copies must be sent by giving notice of the new addresses to the other parties in accordance with this Subparagraph 7(f), except that any such change of address notice shall not be effective unless and until received.

If to Grantor:

Oskar F. Vatterott, Inc.
1904 W. Main Street
Washington, MO 63090

If to Secured Party:

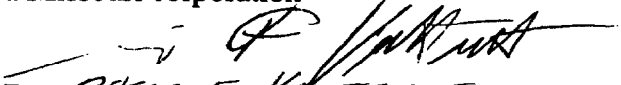
Irwin S. Shayne
200 S. Brentwood Blvd.
St. Louis, MO 63105

(g) If any provision of this Agreement should be found to be invalid or unenforceable, all of the other provisions shall nonetheless remain in full force and effect to the maximum extent permitted by law.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by Grantor to Secured Party on the date first above written.

GRANTOR:

OSKAR F. VATTEROTT, INC.,
a Missouri corporation


By: OSKAR F. VATTEROTT, INC
Name: OSKAR F. VATTEROTT
Title: PRESIDENT

SECURED PARTY:


Irwin S. Shayne

EXHIBIT A

CONVEYANCE AND BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that Oskar F. Vatterott, Inc., a Missouri corporation (the "Company"), pursuant to those certain Security Agreements dated as of June 22, 2001 (the "Agreements"), which are by this reference incorporated herein in full, along with any exhibits or schedules attached thereto, and pursuant to a notice of default dated January 29, 2002, notifying the Company that the Collateral, as that term is defined in the Agreements, was to be disposed of via a private sale to be held on or after 10 a.m., February 11, 2002, for and in consideration of a credit bid of \$250,000 by each Secured Creditor (as hereafter defined), does hereby sell, convey, assign, transfer, bargain, deliver, and set over to Melvin D. Churovich and Irwin S. Shayne (individually a "Secured Creditor and collectively, the "Secured Creditors"), jointly, their successors and assigns, to and for their own use and benefit forever, all right, title and interest in the Collateral.

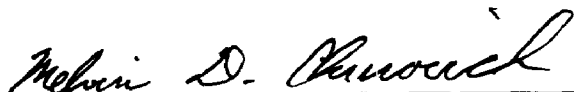
Secured Creditors, their successors and assigns, and each of them, are hereby irrevocably constituted and appointed the true and lawful attorney of the Company with full power of substitution and Company gives and grants unto Secured Creditors, its successors and assigns, and each of them, full power and authority in the name of and on behalf of the Company, its successors and assigns, at any time, and from time to time, to demand, sue for, recover, receive, compound, acquit, release, discharge, pay or remit any and all rights, demands, monies, claims, choses in action, liabilities or obligations of every kind and description whatsoever arising out of, incident to, or in connection with the Collateral and upon the same or any part thereof to make acquittance or other proper discharge with respect thereto.

This instrument shall be binding upon and inure to the benefit of the Company and Secured Creditors and their respective heirs, legal representatives, successors and assigns.

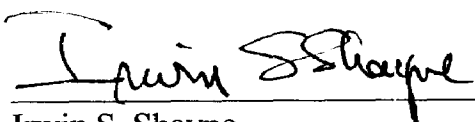
This instrument is in furtherance of the Agreements, and in the event of any conflict between the terms and provisions of this instrument and that of the Agreements, the terms and provisions of the Agreements shall prevail.

IN WITNESS WHEREOF, this Conveyance and Bill of Sale is executed to be effective the 11th day of February, 2002.

SECURED CREDITORS:



Melvin D. Churovich



Irwin S. Shayne

ASSIGNMENT

WHEREAS, I, Oskar F. Vatterott, a citizen of the United States and a resident of the city of Pacific, State of Missouri, whose post office address is 216 Vatterott Farm Drive, Pacific, Missouri 63069; have invented certain improvements in **HIGH AND LOW TEMPERATURE GAS ACTUATED CYLINDER**, for which I previously filed on December 2, 2000, a United States provisional application, **Application No. 60/250,751**, and for which I intend to file for Letters Patent of the United States, identified as **Attorney Docket No. 7811**;

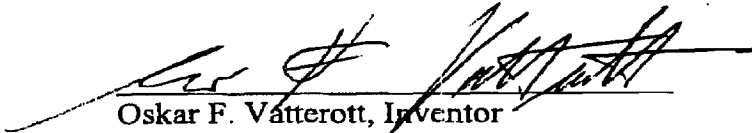
AND, WHEREAS, Oskar F. Vatterott, Inc. ("OFVI"), a Missouri Corporation, with offices at 1904 West Main Street, Washington, Missouri 63090, is desirous of acquiring the entire right, title and interest in and to said improvements in **HIGH AND LOW TEMPERATURE GAS ACTUATED CYLINDER** and all patent rights therefor;

NOW, THEREFORE, in consideration of One Hundred Dollars (\$100.00) and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, I, Oskar F. Vatterott, said Inventor, do hereby sell, assign, transfer and set over unto OFVI the entire right, title and interest in and to said improvements, and in and to all Letters Patent and patent rights which may be granted or issued for said improvements, in the United States and all foreign countries, and any reissue, reexamination, continuation, continuation-in-part, division, or extension thereof, the same to be held and enjoyed by OFVI, a corporation, its successors and assigns, as fully and entirely as the same would have been held and enjoyed by me if this Assignment and sale had not been made; and I agree to cooperate fully with said assignee OFVI and its representatives, and to execute such further applications, powers of attorney, assignments and other documents as may be necessary or desirable to complete the prosecution of the patent or patents on my invention and effectuate this Assignment. Said Assignment shall take full force and effect as of the date of execution of this document.

AND I DO HEREBY authorize and request the Commissioner of Patents and Trademarks to issue that said Letters Patent, when granted, to OFVI, a corporation, its successors and assigns, as assignees of the entire right, title and interest in and to said improvements, for the sole use and benefit of OFVI, a corporation, and for its successors and assigns, to the full ends of the terms for which Letters Patent may be granted.

AND I DO HEREBY further grant to OFVI, a corporation, its successors and assigns, the right to claim for any application for patent for said improvements the full benefit of any international agreement between the United States and any foreign country or countries.

Date: 7-18-01

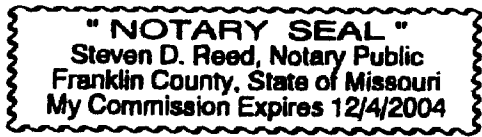

Oskar F. Vatterott, Inventor

STATE OF MISSOURI *Mo*)
) SS.
COUNTY OF *FRANKLIN*)

On this 18 day of APRIL, 2001, before me, a Notary Public, personally appeared Oskar F. Vatterott, to me known to be the person named in and who executed the above Assignment, and acknowledged to me that he executed the same for the uses and purposes therein mentioned, as his own free act and deed.

Steven D. Reed
Notary Public

My Commission Expires:



BLUMENFELD

KAPLAN &

SANDWEISS

P.C.

ATTORNEYS AT LAW

168 NORTH MERAMEC AVENUE

ST. LOUIS, MISSOURI 63105

TELEPHONE (314) 863-0800

FACSIMILE (314) 863-9388

WWW.BKS-LAW.COM

Mark A. McColl, Esq.

mam@bks-law.com

March 12, 2002

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Commissioner of Patents & Trademarks

Box Assignments

Washington, D.C. 20231

*Re: Oskar F. Vatterott, Inc.
U.S. Patent Application No. 09/997,712*

To Whom It May Concern:

Enclosed please find a Recordation Form Cover Sheet and attachments regarding certain patent applications of the above referenced entity.

If you have any questions, please do not hesitate to contact me. Thank you in advance for your time and attention to this matter.

Sincerely,



Mark A. McColl

MAM/jd
Enclosures

EXHIBIT B

NOTICE OF CLAIM

BE IT KNOWN:

On or about December 2, 2000, provisional U.S. Patent Application No. 60/250,751, was filed in the U.S. Patent and Trademark Office for HIGH AND LOW TEMPERATURE GAS ACTUATED CYLINDER, having the named inventor Oskar F. Vatterott. (the "Provisional Application"). All right title and interest in said Provisional Application were assigned to Oskar F. Vatterott, Inc., a Missouri corporation (the "Company"), by Oskar F. Vatterott pursuant to an express assignment dated April 18, 2001 (the "First Assignment").

On or about November 30, 2001, U.S. Patent Application No. 09/997,712, having named co-inventors Oskar F. Vatterott and Bryan R. Vatterott, for HIGH AND LOW TEMPERATURE GAS ACTUATED CYLINDER, was filed with the U.S. Patent and Trademark Office (the "Nonprovisional Application").

Said Nonprovisional Application claims priority to the Provisional Application. Accordingly, any and all patent rights contained in the Provisional Application that were incorporated into said Nonprovisional Application were the property of the Company by virtue of the First Assignment. In addition, by agreement of both co-inventors with the Company, all right title and interest in and to any and all new matter added to the Nonprovisional Application, not present in the Provisional Application, were to have been assigned in full to the Company. However, co-inventor Oskar F. Vatterott has since deceased.

Irwin S. Shayne, of 200 S. Brentwood Boulevard, St. Louis, MO 63105, and Melvin D. Churovich, of 8833 General Grant Lane, St. Louis, MO 63123 (collectively the "Secured Parties") are parties to separate security agreements (the "Agreements") with the Company, dated June 22, 2001. Notice of the Agreements was sent to the U.S. Patent and Trademark Office on January 4, 2002.

Pursuant to rights granted to them in the Agreements, on February 11, 2002, the Secured Parties purchased at credit sale all assets of the Company, and were issued a Conveyance and Bill of Sale for all said Company assets. Among the items purchased were all of the Company's intellectual property rights, including, but not limited to, all of the Company's right, title and interest in and to any and all inventions, patents and/or patent applications owned in whole or in part by the Company. Copies of the Conveyance and Bill of Sale, the First Assignment and the Agreements are attached hereto, and incorporated by reference herein.

Wherefore, in accord with the above and by operation of law, all right, title and interest in the Nonprovisional Application were Company property at the time of the credit sale, and as of February 11, 2002, all such right, title and interest now rightfully belong to the Secured Parties. By this document, the Secured Parties hereby intend to put any and all third parties on notice of their claim to all right, title and interest in and to said Nonprovisional Application.