

RECORDATION FORM COVER SHEET
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10-28-2002



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2002 OCT 17 PM 2:44

To the Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies) **FINANCE SECTION**

Aimrite Systems International, Inc.

10-17-02

2. Name and address of receiving party(ies):

John D. Wicka
400 Groveland Avenue, #2013
Minneapolis, Minnesota 55403

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

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

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other:

Execution Date: October 16, 2002

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)

B. Patent No.(s)

09/439,106
09/439,109

4,651,838
6,296,091

Additional numbers attached? ☐ Yes ☒ No

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

Name: Alan G. Gorman
Address: Merchant & Gould P.C.
P.O. Box 2903
Minneapolis, MN 55402-0903



6. Total number of applications and patents involved: 4

7. Total fee (37 CFR 3.41): \$160.00
☒ Enclosed
☐ Authorized to be charged to deposit account

8. Please charge any additional fees or credit any overpayments to our Deposit account number: 13-2725

DO NOT USE THIS SPACE

9. 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.

Alan G. Gorman
Name of Person Signing

Signature

October 17, 2002
Date

Total number of pages including cover sheet, attachments, and document: 8

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

Box Assignments
Director - U.S. Patent and Trademark Office
Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of information systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

10/25/2002 JJALLAH 00000078 09439106

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PATENT
REEL: 013403 FRAME: 0584

SECURITY AGREEMENT

Name of Debtor Aimrite Systems International, Inc. Place of Business 3675 Pecos - McLeod, Suite 1400, Las Vegas, NVForm of Organization corporation State Organization No. C 372-1993(i.e., corporation, limited liability company, limited partnership,
general partnership or sole proprietor)

This Security Agreement ("Agreement") is entered into between John Wicka ("Secured Party") and Aimrite Systems International, Inc. ("Debtor"), whereby Debtor grants to Secured Party a continuing security interest in the following described property ("Collateral"). All terms for which definitions are provided in the Uniform Commercial Code are used herein with such meanings: (Check and complete where applicable).

- ☐ (a) All inventory and returns of such inventory of Debtor now owned or hereafter acquired;
- ☐ (b) All accounts, healthcare insurance received and payment intangibles of Debtor now existing or hereafter at any time acquired;
- ☒ (c) All contract rights, chattel paper, letters of credit rights, security agreements, instruments, deposit accounts, reserves, documents, licenses, copyrights, trademarks, patents, and general intangibles.
- ☐ (d) All equipment, furniture, fixtures, attachments, accessions, accessories, returns, substitutions and replacements of Debtor now owned or hereafter acquired;
- ☒ (e) Other: including Patent Nos. 4651, 838 and 6,296,091, Patent Application Nos. 09/439, 106 and 09/439, 109
- ☒ (f) All proceeds and products of the foregoing together with supporting obligations.

to secure prompt payment and performance of all obligations to Secured Party arising from that certain promissory notes dated Oct. 3, Oct. 19, Oct. 30 and Nov. 12, 2001 executed by Aimrite Holdings Corporation to Secured Party, with interest, if any, as provided therein, and any and all extensions and renewals thereof, past or future advances together with all other liabilities of to Secured Party (primary, secondary, direct, contingent, sole, joint, or several) due or to become due and the performance by Debtor of all of the terms and conditions of this agreement (hereinafter referred to as "Obligations").

DEBTOR WARRANTS, REPRESENTS AND AGREES THAT:

- TITLE.** Debtor is the owner of the Collateral, free of all liens, encumbrances and security interests except the security interest created hereby or specifically consented to in writing by Secured Party and Debtor has authority to execute this agreement. The Debtor authorizes the Secured Party to file all financing statements, documents or records in such form as Secured Party deems necessary to perfect its Secured Interest.
- LOCATION OF COLLATERAL.** Debtor's equipment, furniture, inventory, books, records, contract rights and other property above specified relating to the Collateral are or will be kept at the above address unless a different address is shown on the following space N/A and Debtor will not without the prior written consent of Secured Party remove or permit the Collateral or related items to be removed from the location or locations set forth above.
- DEFAULTS.** Debtor shall be in default under this Agreement upon the happening of any of the following events: (a) nonpayment, when due, of any amount payable on any of the Obligations or failure to observe or perform any term hereof; (b) any covenant, warranty or representation shall prove to be untrue in any material respect; (c) dissolution, merger or consolidation, or transfer of a substantial part of the property of Debtor which is a corporation or a partnership; or (d) if Secured Party deems itself insecure for any reason.
- REMEDIES.** In the event of a default: (a) Secured Party shall have the right, at its option and without demand or notice, to declare all or any part of the Obligations immediately due and payable; (b) Secured Party may exercise, in addition to the rights and remedies granted hereby, all of the rights and remedies of a Secured Party under the Uniform Commercial Code as adopted in Minnesota or under any other applicable law; (c) Secured Party may exercise its rights to possess, transfer and dispose of the Collateral; (d) Secured Party may request and Debtor agrees to segregate and keep the Collateral in trust for Secured Party in good order and repair and will immediately deliver the Collateral at a place specified by Secured Party together with all related documents; and (e) Debtor agrees to pay all costs and expenses incurred by Secured Party in the collection of any of the Obligations or the enforcement of any of Secured Party's rights including the payment of reasonable attorneys' fees.
- INSURANCE.** Debtor agrees to maintain comprehensive insurance coverage (collision and liability) on the Collateral for its full insurable value with a company acceptable to Secured Party naming Secured Party as a Lender loss-payee or mortgagee and containing standard Lenders loss payable and termination provisions. Debtor shall provided Secured Party with a Certificate of Insurance evidencing such coverage.
- NEGATIVE COVENANTS.** Debtor will not at any time (without Secured party's prior written consent); (a) other than in the ordinary course of its business, sell, lease, or otherwise dispose of or transfer any of its assets; (b) rent, lease, demonstrate, consign, or use any Collateral financed by Secured Party; (c) merge or consolidate with another entity; or change its state of organization or location as defined by Section 9-307 of the UCC without prior written consent of Secured Party.
- INSPECTIONS.** Debtor grants a Secured Party an irrevocable license to enter Debtor's business location during normal business hours upon giving reasonable notice to Debtor to: (a) account for and inspect all Collateral; (b) verify Debtor's compliance with this Agreement; and (c) examine and copy Debtor's books and records relating to the Collateral.
- SALE OF COLLATERAL.** Debtor agrees that ten (10) or more calendar days prior written notice will be commercially reasonable notice of any public or private sale or transfer. Debtor irrevocably grants Secured Party a license to enter upon Debtor's premises without notice or judicial order to take possession of the Collateral. The Secured Party may require Debtor and Debtor agrees that it will, at its expense and upon request of the

Secured Party assemble all or part of the Collateral as directed by Secured Party and make it available to the Secured Party at a place or places to be designated by the Secured Party. The Secured Party is granted a license or other right to use, without charge, all of the Debtor's property, including, without limitation, all of the Debtor's labels, trademarks, copyrights, patents and advertising matter or any property of a similar nature, as it pertains to the Collateral, in completing production of advertising for sale and selling any Collateral, and Debtor's rights under all licenses and all franchise agreements shall inure to the Secured Party's benefit until the obligations are paid in full.

9. **POWER OF ATTORNEY.** Debtor grants Secured Party an irrevocable Power of Attorney to: execute or endorse on Debtor's behalf any checks, Financing Statements, Instruments, Certificates of Title, and Statements of Origin pertaining to the Collateral; supply any omitted information and correct errors in any documents between Secured Party and Debtor; initiate and settle any insurance claims pertaining to the Collateral; and do anything to preserve and protect the Collateral and Secured Party's rights and interests therein.
10. **COSTS AND EXPENSES.** The Debtor will pay or reimburse the Secured Party on demand for all out-of-pocket expenses (including in each case all filing, recording fees, taxes and all reasonable fees and expenses of counsel and of any experts and agents) incurred by Secured Party in connection with the creation, perfection, protection, satisfaction, foreclosure of the Collateral and the preparation, administration, continuance, amendment or enforcement of this Agreement, and all such costs and expenses shall be part of the obligations secured by the Collateral.
11. **INDEMNITY.** The Debtor shall indemnify and hold the Secured Party harmless from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) arising out of or resulting from this Agreement and the security interest created hereby, or the Secured Party's actions pursuant hereto, except claims, losses or liabilities resulting from the Secured Party's gross negligence or willful misconduct as determined by a final judgment of a Court of competent jurisdiction. Any liability of the Debtor to indemnify and hold the Secured Party harmless pursuant to the preceding sentence shall be part of the obligations secured by this Agreement and survive any termination of this Agreement.
12. **MISCELLANEOUS.** If Debtor and Secured Party have executed other Agreements in connection with all or any part of the Collateral, this Agreement shall supplement each and every other Agreement previously executed by and between Debtor and Secured Party and in that event this Agreement shall neither be deemed a novation nor a termination of such previously executed Agreement, nor shall execution of this Agreement be deemed a satisfaction of any obligation secured by such previously executed Agreement. Secured Party shall have the right to refrain from or postpone enforcement of this Agreement or any other Agreement between Debtor and Secured Party without prejudice and the failure to strictly enforce these terms will not be construed as having created a course of dealing between the parties contrary to the specific terms of this Agreement. The expressed terms of this Agreement may not be modified by any course of dealing, usage of trade, custom of trade which may deviate from the terms herein.
13. **WAIVER OF NOTICE AND HEARING.** The Debtor hereby waives all rights to a judicial hearing of any kind prior to the exercise by the Secured Party of its rights to possession of the Collateral without judicial process or of its rights to replevin, attach or levy upon the Collateral without prior notice or hearing. In the event that a pre-judgment order for replevin is obtained, Debtor waives any requirement of Secured Party to post bond.
14. **WAIVER OF JURY TRIAL.** DEBTOR HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
15. **NO WAIVER.** Cumulative Remedies. No failure delay on the part of the Secured Party to exercise, right, or remedy under this Agreement shall operate as a Waiver thereof; Nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy under this Agreement. The remedies provided for in this Agreement are cumulative and not exclusive of any remedies provided by law.
16. **LAW GOVERNING AND CONSTRUCTION.** The validity, construction and enforceability of this Agreement shall be governed by the laws of the State of Minnesota, without giving affect to conflict of laws, principles thereof, except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral by statute must be governed by the laws of a jurisdiction other than the State of Minnesota.

Dated: 10/16/02

Aimrite Systems International, Inc.

By: [Signature]
Richard Stanczyk

(Debtor) Intentionally

Its: Treasurer of Aimrite Systems International, Inc and as President and Director of Aimrite Holdings Corporation

10/16/2002

[Signature]

John D. Wieka

528294_1

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (the "Agreement") is made and entered into as of October 3, 2001, by and between John D. Wicka, individually ("Lender"), at 400 Groveland Avenue, #2013, Minneapolis, Minnesota 55403, and AimRite Holdings Corporation, a Nevada corporation ("Borrower"). NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Loan. Lender shall loan Borrower up to Three Hundred Thousand Dollars (\$300,000) (the "Loan"), in One Hundred Thousand Dollar (\$100,000) increments, pursuant to the terms and conditions of this Agreement and the Promissory Note (as defined below).

1.1. Borrower shall receive each portion of the Loan upon notice by Borrower to Lender, the consent of Lender, and execution of a separate Secured Promissory Note, the form of which is attached hereto as Exhibit A (the "Promissory Note"). The conversion rights (Section 7) and right to revenue (Section 9) of the Promissory Note apply to each Promissory Note executed by the Borrower in favor of Lender such that if the Loan is fully funded, Lender would have aggregate conversion rights equal to seven and one-half percent (7 1/2%) of the outstanding Common Stock pursuant to Section 7 and an entitlement to receive up to nine percent (9%) of Borrower's gross revenues pursuant to Section 9.

1.2. Lender shall have no right to call or demand any increment of the Loan. A Promissory Note will be executed only upon the mutual agreement of the parties hereto. In no event will Borrower request nor Lender make advances after September 30, 2002.

2. Security Interest. As collateral security for the prompt and complete payment and performance when due of all of its obligations under each Promissory Note and this Agreement ("Obligations"), Borrower does hereby grant to Lender a continuing security interest in and to the following assets and property of Borrower as of the date of this Agreement (the "Collateral");

All inventory, furniture, fixtures and equipment of the Borrower, now owned or hereafter acquired; all accounts receivable, contract rights, rights to payment of money and general intangibles of Borrower, now owned or hereafter arising; all intellectual property (patents, trademarks, service marks, tradenames, copyrights, trade secrets, etc.) of Borrower now owned; and all products and proceeds of the foregoing.

3. General Representations, Warranties and Covenants. Borrower represents, warrants and covenants, which representations, warranties and covenants shall survive execution and delivery of this Agreement as follows:

3.1. Perfection of Security Interest. Borrower agrees to execute such financing statements and to take whatever other actions are reasonably requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon the reasonable request of Lender,

(i) Borrower will deliver to Lender any and all instruments or agreements evidencing or constituting the Collateral, and (ii) Borrower will note Lender's interest upon any and all chattel paper if not delivered to Lender for possession by Lender. Borrower further authorizes Lender to file such financing statements (with or without Borrower's signature) as Lender deems necessary to perfect and continue Lender's security interest in the Collateral.

3.2. No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Borrower or to which Borrower is a party.

3.3. Title. Borrower represents and warrants to Lender that it holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those that reflect the security interest created by this Agreement. Borrower shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

3.4. Corporate Authorization. Borrower represents and warrants that all necessary corporate action has been undertaken by Borrower to approve and authorize the execution of this Agreement including, without limitation, the approval of the Board of Directors of Borrower and that when executed, the same will constitute the valid and binding obligation of the Borrower enforceable against Borrower in accordance with its terms. The individual officer executing this Agreement on behalf of the Borrower certifies, knowing that Lender is relying thereon, that such person has the express authority of Borrower to execute this Agreement and bind Borrower to the terms and conditions of both this Agreement and the Promissory Note.

4. Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement:

4.1. Default on Obligations. Failure of Borrower to make any required payment of an Obligation within ten (10) days from the date due.

4.2. Other Defaults. Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement, the Promissory Note or any other agreement between Lender and Borrower within thirty (30) days from written notice of such failure from Lender to Borrower, unless another time period is provided with respect to a specific breach, in which event the other such time period shall apply.

4.3. Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower which is not dismissed within sixty (60) days if such proceeding was not initiated by Borrower.

4.4. Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any other creditor of Borrower or by any governmental agency against the Collateral or any other collateral securing the Obligations.

4.5. Other Judgments. The entry of a judgment against Borrower in the amount of \$25,000 or more, unless a bond is posted preventing the enforcement of the same.

5. Rights and Remedies on Default. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Minnesota Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

5.1. Accelerate Obligations. Lender may declare the entire Obligations immediately due and payable, without notice.

5.2. Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Minnesota Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity or otherwise.

5.3. Cumulative Remedies. All of Lender's rights and remedies, whether evidenced by this Agreement, the Note or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower under this Agreement, after Borrower's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

6. Miscellaneous Provisions. The following miscellaneous provisions are a part of this Agreement:

6.1. Notices. Unless otherwise specifically permitted by this Agreement, all notices or other communications required or permitted under this Agreement shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested, or sent by facsimile, provided that the facsimile cover sheet contain a notation of the date and time of transmission, and shall be deemed received: (i) if personally delivered, upon the date of delivery to the address of the person to receive such notice; (ii) if mailed in accordance with the provisions of this paragraph, two (2) business days after the date placed in the U.S. mail; (iii) if mailed other than in accordance with the provisions of this paragraph or mailed from outside the United States, upon the date of delivery to the address of the person to receive such notice; or (iv) if given by facsimile, when sent. Notices shall be given at the following addresses:

If to Borrower: AimRite Holdings Corporation
 Attn: Richard Stanczyk, President
 525 Stevens Avenue
 Solana Beach, California 92075
 Facsimile: (858) 259-7308

If to Lender: John D. Wicka
 400 Groveland Avenue, #2013
 Minneapolis, Minnesota 55403

The relevant party may change the address for delivery of notices by giving notice of such change in accordance with this paragraph.

6.2. Complete Agreement; Modifications. This Agreement and the Promissory Note (i) constitute the parties' entire agreement with respect to the subject matter hereof, (ii) merge all prior discussions and negotiations between or among any or all of them as to the subject matter hereof and (iii) supersede and replace all agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof. This Agreement may not be amended, altered or modified except by a writing signed by the parties. Such writing may be signed in counterparts and facsimile signatures shall be effective as original signatures.

6.3. Further Actions. Each party agrees to perform any further acts and execute and deliver any further documents reasonably necessary to carry out the provisions of this Agreement.

6.4. Successors and Assigns. Except as explicitly provided herein to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and permitted assigns.

6.5. Severability. It is intended that each provision of this Agreement shall be viewed as separate and divisible, and in the event that any provision shall be held to be invalid, illegal or unenforceable, this Agreement and the remaining provisions hereof shall continue in full force and effect.

6.6. Time of Essence; Governing Law; Jurisdiction. Time is of the essence of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Minnesota, without regard to the conflict of laws principles thereof. Both Borrower and Lender consent to both jurisdiction and venue in the federal and state courts located in the State of Minnesota with respect to disputes arising under this Agreement. Borrower and Lender agree that this Agreement is made and intended to be performed in the State of Minnesota.

6.7. Power of Attorney. Upon the occurrence and during the continuance of an Event of Default, Borrower hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (i) demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (ii) execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (iii) settle or compromise any and all claims arising under the Collateral, and, in the place and stead of Borrower, execute and deliver its release and settlement for the claim; and (iv) file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Borrower, or otherwise, which in the discretion of Lender may seem to be necessary or advisable.

6.8. Waiver. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission

on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, shall constitute a waiver of any of Lender's rights or of any of Borrower's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the reasonable discretion of Lender.

6.9. Application of Loan Proceeds. Upon execution of this Agreement and the initial Promissory Note hereunder, Lender is authorized to deduct, withhold and apply proceeds from the Loan as are necessary to pay off any sums owed Lender including, without limitation, that certain promissory note executed by Borrower in favor of Lender dated as of October 1, 2001, in the original principal amount of \$50,000. As of the date hereof, the amount due is \$50,000, together with interest accruing from October 1, 2001 at the per diem amount of \$13.54.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth above.

BORROWER:

AimRite Holdings Corporation,
a Nevada corporation

By:


Richard Stanczyk, President

LENDER:

John D. Wicka


