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Form PTO-1595 RECORDATION	FORM COVER SHEET U.S. DEPARTMENT OF COMMERCE		
■ (Rev. 10/02)	ENTS ONLY  U.S. Patent and Trademark Office		
Tab settings ⇔ ⇔ ♥			
To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.			
Name of conveying party(ies):	Name and address of receiving party(ies)		
Robert H. Adams	Name: Gem Pharmaceuticals, LLC		
Smelek and Associates, Inc.			
Pharma Investments LLC	Internal Address:		
Additional name(s) of conveying party(ies) attached? Yes	]No		
3. Nature of conveyance:			
✓ Assignment	7181141		
Security Agreement Change of Nan	Street Address: 200 Randolph Avenue		
Other			
	<u> </u>		
8/12/2003 Execution Date:	City: Huntsville State: AL Zip: 35801		
	— Additional name(s) & address(es) attached? Yes V No		
4. Application number(s) or patent number(s):	-		
	application, the execution date of the application is:		
A. Patent Application No.(s)			
	5,948,896		
admun landitibbA			
5. Name and address of party to whom corresponden	nce 6. Total number of applications and patents involved: 2		
concerning document should be mailed: Name: Todd W. Burkett	7. Total fee (37 CFR 3,41)\$80.00		
I.eo & Brooks, LLC Internal Address:	Enclosed		
	Authorized to be charged to deposit account		
The state of the s			
	8. Deposit account number;		
Street Address: 200 Randolph Avenue, Suite 200			
Huntsvillo Al 25004			
City: Huntsville State: AL Zip: 35801			
DO NOT USE THIS SPACE			
9. Signature.			
,	$= 0.0 $ $\rho$ $I$		
Todd W. Burkett	1001 5utt 8/21/03		
Name of Person Signing	Signature Date		
Total number of pages including	cover sheet, attachments, and documents: 20		

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

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## ASSIGNMENT OF PATENT RIGHTS

Assignment made Aug /2, 2003, by Smelek and Associates, Inc. and Pharma Investments LLC (together, "Assignor"), and Robert H. Adams ("Trustee"), to Gem Pharmaceuticals, LLC, of 180 Chandalar Place Drive, Pelham, AL, 35124 ("Assignee").

### RECITALS

- A. GEM Pharmaceuticals, Inc. ("Debtor") was the owner of United States Patents No. 5,942,605 and No. 5,948,896 (the "Patents").
- B. Debtor pledged the Patents to Robert H. Adams as Trustee for Assignor ("Trustee") pursuant to a Patent and Trademark Mortgage dated June 16, 2000 (the "Mortgage").
- C. Debtor defaulted under the Mortgage, and Assignor foreclosed upon its security interest and took possession of the Patents on J./ 23, 2003 (together with other assets pledged to Assignor) in full satisfaction of the debts secured by the Mortgage, as set forth in the foreclosure documents attached hereto as Exhibit A.
- D. Assignor terminated the trusteeship of Trustee, without appointment of a replacement Trustee, and now acts directly with respect to the Patents and other collateral of Debtor.
- E. As it has foreclosed on the Mortgage, Assignor now owns the Patents, the inventions described in the Patents (the "Inventions"), and in other letters patent for the Inventions when granted in the United States and foreign countries (together with the Patents and the Inventions, the "Patent Rights"), pursuant to operation of law.
- F. Assignee desires to acquire the entire right, title, and interest in the Patent Rights.
- G. Trustee has agreed to join in this Assignment to avoid any questions regarding ownership of the Patents.

In consideration of the foregoing recitals and the mutual promises and obligations set forth below, the parties agree as follows:

# SECTION ONE ASSIGNMENT

Assignor and Trustee assign to Assignee the entire right, title, and interest in the Patents and the Inventions and in any improvements on the Invention heretofore or hereafter made or acquired by Assignor, jointly or severally, and to all rights of priority thereto pursuant to the International Convention for the Protection of Industrial Property; and in any letters patent on the Inventions and/or improvements that may be granted in the United States or any foreign country, including each patent granted on any application which is a division, substitution, or continuation of either of the Patents and in each reissue of either of the Patents.

# SECTION TWO COOPERATION

Assignor and Trustee hereby jointly and severally agree to cooperate with Assignee such that Assignee may enjoy to the fullest extent the rights conveyed hereunder. This duty includes cooperation in such proceedings involving the United States and foreign applications and patents as opposition, cancellation proceedings, priority contests, interferences, public use proceedings, court actions, and the like.

# SECTION THREE PARTIES BOUND

The terms, covenants, and conditions of this assignment shall inure to the benefit of Assignee, Assignee's successors, assigns and/or other legal representatives, and shall be binding on Assignor, its heirs, legal representatives, and assigns.

### SECTION FOUR ASSIGNOR'S WARRANTY

Assignor and Trustee warrant and represent that neither has entered into any assignment, contract or understanding in conflict herewith.

## SECTION FIVE COOPERATION BETWEEN ASSIGNOR AND ASSIGNEE

Assignor and Trustee covenant and agree to cooperate with Assignee whereby Assignee may enjoy to the fullest extent the right, title, and interest herein conveyed. Such cooperation shall include:

PAGE

- Prompt execution of all papers to be prepared that are deemed necessary or desirable by Assignee to perfect the right, title, and interest herein conveyed.
- Prompt execution of all petitions, oaths, specifications, declarations or other papers to be prepared, at the expense of Assignee, that are deemed necessary or desirable by assignee for prosecuting the applications specifically identified herein, for filing and prosecuting substitute, divisional, continuing, or additional applications in the United States and/or foreign countries covering the Invention and/or the improvements for filing and prosecuting applications for reissuance of letters patent included herein, or for interference proceedings involving the Invention and/or the improvements.
- Prompt assistance and cooperation in the prosecution of legal proceedings **(3)** involving the Invention and/or the improvements the applications and patents granted thereon, including opposition, cancellation proceedings, priority contests, interferences, public use proceedings and court actions.

### SECTION SIX ASSIGNMENT TO BE EFFECTIVE THROUGH TERMS OF ANY EXTENSION

The patent rights assigned are to be held by Assignee to the full end of the term for which the Patents are granted, and for the term or terms of any extension thereof, as fully as the same would have been held by Assignor if this assignment had not been made.

## SECTION SEVEN FUTURE INVENTIONS AND IMPROVEMENTS INCLUDED WITH ASSIGNMENT

This assignment shall be deemed to include any future Inventions and improvements made by Assignor that are an improvement on either of the assigned Inventions. Assignor will, so far as it is reasonably practical for Assignor to do so, cause employees or associates who are engaged in research, development, and other Inventive work to disclose to Assignee all improvements within the scope of the assigned invention and shall assign to Assignee the rights to such improvements so that the Assignee shall receive, by virtue of this assignment, the improvements agreed to be granted to it.

### SECTION EIGHT

## COVENANT TO DISCLOSE IMPROVEMENTS AND TO APPLY FOR PATENTS THEREFORE

Assignor covenants to promptly and fully disclose to Assignee all improvements made to the Inventions by Assignor that reasonably relate to the assigned Patent Rights. Assignor further agrees to prepare and execute applications for patents covering such improvements.

## SECTION NINE RIGHT TO SUE FOR PAST INFRINGEMENT

Assignee shall have the right to sue for past infringement and to collect all damages and profits for past infringements.

In witness whereof, the parties have executed this assignment the day and year first above written.

ASSIGNOR:

By: Kar ( W). (signature)

(printed name)

President (title)

SMELEK AND ASSOCIATES, INC.

PHARMA INVESTMENTS LLC

(signature)

RAYMOND A SMELEK (printed name)

TRUSTEE:

By: Polent He Same (Signature)

ROBERT 14. Adams (printed name)

trustee (title)

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ASSIGNEE:

GEM PHARMACEUTICALS, LLC

By:

KauDew T (signature)

Kar W. Leo (printed name)

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STATE OF Alabama )
COUNTY OF Madison )

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I, the undersigned notary public, in and for said county and state, hereby certify that

Karl W. Lco, whose name appears as <u>President</u> of Pharma Investments LLC, has signed the foregoing instrument and who is known to me,

acknowledged before me that he/she, as such officer and with full authority, executed the

same voluntarily, for and as the official act of said limited liability company.

STATE OF ALABAMA

COUNTY OF TEFFERSON

I, the undersigned, in and for said county and state, hereby certify that ROBERT H. ADAMS , whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me that he/she, being informed of the contents of said instrument, executed the same voluntarily.

Sworn to and subscribed before me this 20th day of duques

Notary Public

My commission expires: 2

STATE OF Alabama COUNTY OF Madison

I, the undersigned notary public, in and for said county and state, hereby certify that Karl W. Leo, whose name appears as Manager of Gem Pharmaceuticals, LLC has signed the foregoing instrument and who is known to me, acknowledged before me that he/she, as such officer and with full authority, executed the same voluntarily, for and as the official act of said limited liability company.

Sworn to and subscribed before me this 18th day of August

Miss Whitesets

Notary Public

My commission expires: 2/28/04

## **EXHIBIT A**

## FORECLOSURE DOCUMENTS

(See attached pages with Proposal of Full Strict Foreclosure, Notification of Acceptance, and Bill of Sale)

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## Proposal of Full Strict Foreclosure (Non-Consumer Transaction)

June 3, 2003

GEM Pharmaceuticals, Inc. 180 Chandalar Place Drive Pelham. AL 35124

Re:

Proposal to Accept Collateral in Full Strict Foreclosure

Debtor:

GEM Pharmaceuticals, Inc. ("Debtor")

Secured Party: Smelek and Associates, Inc. ("Smelek") and Pharma Investments,

LLC (Pharma, and together with Smelek, the "Secured Parties")

Collateral:

See attached Exhibit A (the "Collateral")

#### Dear Debtor:

Debtor is in default under the Second Amended and Restated Promissory Note dated June 16, 2000 (as amended and restated January 17, 2001 and September 18, 2002) and executed by Debtor in favor of Pharma and the Third Amended and Restated Note and Acknowledgement dated March 17, 2000 (as amended and restated June 16, 2000, January 12, 2001 and September 18, 2002), and executed by Debtor in favor of Smelek (together, the "Notes"), due to Debtor's failure to make payments due on the Notes, which payments are more than seven (7) days late. The Notes are secured by Security Agreements entered into between Debtor and each Secured Party, granting a security interest in the Collateral, as well as a Patent and Trademark Mortgage entered into between Debtor, the Secured Parties, and the Robert H. Adams as Trustee for the Secured Parties. The outstanding balance due from Debtor to the Secured Parties as of the date hereof is Three Million, Three Hundred and Five Thousand Dollars (\$3,305,000) in principal, plus interest thereon at the rate of 12% per annum (the "Balance").

The Secured Parties shall accept the Collateral in full satisfaction of the Balance due from Debtor, and the Balance due shall be deemed fully discharged as a result. This proposal is subject only to the condition that all Collateral not in the possession of the Secured Parties must be preserved or maintained by Debtor until Secured Parties have taken possession of the same.

If you have any objection to the Secured Parties' proposal to accept the Collateral in full satisfaction of the Balance, you must send us an authenticated statement of your objection within twenty (20) days from the date this notice was sent. If we have not received an authenticated objection within that time period, you will be deemed to have consented to

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GEM Pharmaceuticals, Inc.
June 3, 2003
Page 2

this proposal and will have no further right to object, and the Secured Parties will retain the Collateral in full satisfaction of the Balance, as described in this letter. All inquiries concerning this proposal should be directed to Karl W. Leo of Pharma Investments, LLC, at 200 Randolph Avenue, Suite 200, Huntsville, AL, 35801 or by phone call to the same at (256) 539-6000.

Very Truly Yours,

Karl W. Leo, on behalf of Pharma Investments LLC and Smelek and

Karlestr

Associates, LLC

CC: Hawley Troxell Ennis & Hawley LLP; Karl W. Leo, Raymond A. Smelek

## EXHIBIT A DESCRIPTION OF THE COLLATERAL

All of Debtor's inventory and documents covering inventory, including all motor vehicles, new motor vehicles, used motor vehicles, wares, merchandise, raw materials, stock in trade, parts, tools, supplies, components, work in process, finished goods and all other tangible personal property which is held for sale, lease or other disposition or furnished or to be furnished under contracts of service or used or consumed in Debtor's business, including any returned or repossessed inventory, contract rights with respect to the aforesaid inventory, Debtor's rights as the seller of goods under the Uniform Commercial Code ("UCC"), and all General Intangibles related to or arising from the ownership, manufacturing, processing, storing, shipping, sale or distribution of any of the foregoing (collectively, the "Inventory").

All accounts (including accounts receivable and other choses in action), any and all rights of any kind of Debtor to payment from a third party, including without limitation all notes receivable, instruments, acceptances, documents, executory contract rights, contract rights, chattel paper, tax refunds, any and all General Intangibles and other forms of obligations, including, but not by way of limitation, for goods sold by it or for services rendered by it, all guaranties of and security for any of the foregoing, all goods or merchandise which gave rise to any of the foregoing, including the right of stoppage in transit, and all contract rights of Debtor with respect to the foregoing, including rights earned or yet to be earned under contracts to sell goods or render services (collectively, the "Accounts").

The term "Collateral" also includes Debtor's equipment and all Proceeds, ledger sheets, files, records, accountings, reports, papers and documents relating to any of the Collateral, including but not limited to all computer records, data programs, software, disks, invoices, purchase orders, contracts, etc., relating to or arising out of or used in connection with any of the Collateral.

The term "General Intangibles" includes (without limitation) all patents, patent applications, copyrights, licensing agreements, trademarks, trademark applications, trade names, trade name applications, service marks, service mark applications, licenses, permits, goodwill, intellectual property, customer lists, choses in action, contracts and contract rights; and all entitlements, subsidies, payments, payments in kind, or any other benefits, now or hereafter owing to Debtor, from all state and federal government programs.

The term "Proceeds" includes (without limitation) proceeds of insurance policies insuring any Collateral against loss by theft, casualty or otherwise, and all cash proceeds and all proceeds of the following types acquired with cash proceeds: inventory, equipment, farm products, consumer goods, chattel paper, documents, instruments, accounts and general intangibles.

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#### BILL OF SALE

This BILL OF SALE is given this \_\_\_\_\_\_ day of July, 2003, by GEM Pharmaceuticals, Inc. (the "Debtor") to Pharma Investments LLC and Smelek and Associates, Inc. (together "Creditor").

#### WITNESSETH:

WHEREAS, Debtor is indebted to Creditor, and Creditor holds a perfected, first priority security interest in the assets, property and rights of Debtor described on Schedule A attached hereto and by this reference made a part hereof (the "Assets"); and

WHEREAS, pursuant to Section 9-620 of the Uniform Commercial Code, Creditor has offered to accept the Assets in full satisfaction of the Debtor's obligations to Creditor as more fully described in that certain Proposal for Acceptance of Collateral in Full Satisfaction of Obligations attached to that certain notice sent by Creditor to Debtor on June 3, 2003; and

WHEREAS, Debtor has not objected to Creditor's proposal and therefore is bound by the terms of the applicable security agreements and the Uniform Commercial Code to cooperate in the transfer of the Assets to Creditor, and

WHEREAS, the execution and delivery of this Bill of Sale for the purpose of effecting such conveyance, transfer, assignment and delivery, have been duly authorized in all respects by Creditor and Debtor;

NOW, THEREFORE, in consideration of the foregoing and the full satisfaction of the obligations owed by Debtor to Creditor in accordance with Section 9-620 of the Uniform Commercial Code, and other valuable consideration paid by Creditor to the Debtor at or before execution and delivery of this Bill of Sale, the receipt of which is hereby acknowledged, the Debtor does hereby convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, deliver and confirm the Assets unto the Creditor, its successors and assigns, forever effective as of 12:01 a.m. July 23, 2003,

TO HAVE AND TO HOLD such Assets unto the Creditor, its successors and assigns, as and for its own forever, provided, however, that in the event that claim is ever made against Creditor with respect to the acquisition of the Assets from Debtor as described herein, the transfer evidenced by this Bill of Sale shall, at the option of Creditor, be rendered null and void and of no force and effect, and the security interest of the Creditor in the Assets shall be reinstated and in full force and effect as though this transfer, and the acceptance of collateral in full satisfaction of the Debtor's obligations to Creditor, had never taken place,

### AND THE DEBTOR FURTHER COVENANTS AND AGREES AS FOLLOWS:

Debtor hereby covenants that from time to time after delivery of this instrument, at the request of Creditor and without further consideration Debtor will duly execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyance, transfers, assignment, consents, powers of attorney and assurances Creditor may reasonably request in order to more effectively convey, transfer or vest in the Creditor and to put it in possession, operation and control of, such Assets.

[signature page follows]

PATENT REEL: 013887 FRAME??\*\*09\*\*178\*\*\*\*

In witness whereof, Debtor has caused this Bill of Sale to be executed by its duly authorized officer as of the date first set forth above.

DEBTOR:

GEM PHARMACEUTICALS, INC.

By: Herald M. Walsh (SEAL)
Name: Gerald M. W211h
Title: President & CEO

#### EXHIBIT A

#### DESCRIPTION OF THE ASSETS

All of Debtor's inventory and documents covering inventory, including all motor vehicles, new motor vehicles, used motor vehicles, wares, merchandise, raw materials, stock in trade, parts, tools, supplies, components, work in process, finished goods and all other tangible personal property which is held for sale, lease or other disposition or furnished or to be furnished under contracts of service or used or consumed in Debtor's business, including any returned or repossessed inventory, contract rights with respect to the aforesaid inventory, Debtor's rights as the seller of goods under the Uniform Commercial Code ("UCC"), and all General Intangibles related to or arising from the ownership, manufacturing, processing, storing, shipping, sale or distribution of any of the foregoing (collectively, the "Inventory").

All accounts (including accounts receivable and other choses in action), any and all rights of any kind of Debtor to payment from a third party, including without limitation all notes receivable, instruments, acceptances, documents, executory contract rights, contract rights, chattel paper, tax refinds, any and all General Intangibles and other forms of obligations, including, but not by way of limitation, for goods sold by it or for services rendered by it, all guaranties of and security for any of the foregoing, all goods or merchandise which gave rise to any of the foregoing, including the right of stoppage in transit, and all contract rights of Debtor with respect to the foregoing, including rights earned or yet to be earned under contracts to sell goods or render services (collectively, the "Accounts").

The term "Collateral" also includes Debtor's equipment and all Proceeds, ledger sheets, files, records, accountings, reports, papers and documents relating to any of the Collateral, including but not limited to all computer records, data programs, software, disks, invoices, purchase orders, contracts, etc., relating to or arising out of or used in connection with any of the Collateral.

The term "General Intangibles" includes (without limitation) all patents, patent applications, copyrights, licensing agreements, trademarks, trademark applications, trade names, trade name applications, service marks, service mark applications, licenses, permits, goodwill, intellectual property, customer lists, choses in action, contracts and contract rights; and all entitlements, subsidies, payments, payments in kind, or any other benefits, now or hereafter owing to the Debtor, from all state and federal government programs.

The term "Proceeds" includes (without limitation) proceeds of insurance policies insuring any Collateral against loss by theft, casualty or otherwise, and all cash proceeds and all proceeds of the following types acquired with cash proceeds: inventory, equipment, farm products, consumer goods, chattel paper, documents, instruments, accounts and general intangibles.

Bill of Sale

PATENT REEL: 013887 FRAME: 0920<sup>742</sup>

Gem Pharmaceuticals, LLC 200 Randolph Ave., Suite 200 Huntsville, AL 35801 (256) 539-6000 (256) 539-6024 fax

August 18, 2003

GEM Pharmaceuticals, Inc. 180 Chandalar Place Drive Pelham, AL 35124

Re:

Proposal to Accept Collateral in Full Strict Foreclosure

Debtor:

GEM Pharmaceuticals, Inc. ("Debtor")

Secured Party:

Smelek and Associates, Inc. ("Smelek") and Pharma

Investments, LLC (Pharma, and together with Smelek, the

"Secured Parties")

Dear Debtor:

Defined terms used herein and not defined differently herein shall have the meaning set forth in that certain Proposal of Full Strict Foreclosure from Secured Parties to Debtor dated (and sent to Debtor on) June 3, 2003 (the "Proposal").

The Secured Parties received no objections to the Proposal from either Debtor or any other party within twenty (20) days from the date the Proposal was sent to Debtor (and the Secured Parties have determined there were no other creditors entitled to notice of the Proposal). The Secured Parties hereby notifies you of its acceptance of the Collateral in full satisfaction of the Balance, as described in the Proposal. This acceptance is subject only to the condition, as set forth in the Proposal, that all Collateral not in the possession of the Secured Parties must be preserved or maintained by Debtor until the Secured Parties have taken possession of the same.

All inquiries concerning this Notice of Acceptance should be directed to should be directed to Karl W. Leo of Pharma Investments LLC, at the address of 200 Randolph Avenue, Suite 200, Huntsville, AL, 35803 or by phone call to the same at (256) 539-6000.

Very Truly Yours,

Karl W. Leo, on behalf of Pharma Investments LLC and Smelek and

Associates, Inc.

CC: Hawley Troxell Ennis & Hawley LLP; Raymond A. Smelek; Robert H. Adams

ID:2565396024

## EXHIBIT B Bill of Sale

This BILL OF SALE is given this \_\_\_\_\_ day of July, 2003, by Pharma Investments LLC and Smelek and Associates, Inc. (together, "Seller") to Gem Pharmaceuticals, LLC ("Buyer").

#### WITNESSETH:

WHEREAS, pursuant to Section 9-620 of the Uniform Commercial Code, in full satisfaction of the obligations of GEM Pharmaceuticals, Inc. (the "Borrower") to Seller, Seller has accepted from Borrower the assets, property and rights of Borrower described on Schedule A attached hereto and by this reference made a part hereof (the "Assets"); and

WHEREAS, Buyer desires to purchase from the Seller all of the Assets acquired by the Seller from the Borrower; and

WHEREAS, the execution and delivery of this Bill of Sale for the purpose of effecting such conveyance, transfer, assignment and delivery, have been duly authorized in all respects by Buyer and Seller;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, paid by Buyer to the Seller at or before execution and delivery of this Bill of Sale, the receipt of which is hereby acknowledged, the Seller does hereby convey, grant, bargain, sell, transfer, set over, assign, alien, remise, release, and deliver unto the Buyer, its successors and assigns, effective as of June 23, 2002, all rights it has acquired from the Borrower in and to the Assets, "as is" and "with all faults" and without any warranty other than the limited warranty of title or any other warranty set forth below, including without limitation, any warranty of merchantability or fitness for a particular purpose.

TO HAVE AND TO HOLD such Assets unto the Buyer, its successors and assigns, as and for its own forever; provided, however, that in the event that claim is ever made against Seller with respect to the acquisition of the Assets from Borrower as described herein, the transfer evidenced by this Bill of Sale shall, at the option of Seller, be rendered null and void and of no force and effect, and the security interest of the Seller in the Assets shall be reinstated and in full force and effect as though this transfer, and the acceptance of collateral in partial satisfaction of the Borrower' obligations to Seller, had never taken place. This Bill of Sale transfers to Buyer all of Seller's rights in the Acquired Assets. Seller warrants that it has not entered into any assignment, contract, or understanding in conflict herewith.

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Unignated Documents(C)\N TRIP N.to. 7\Striclet Ray. The Notwork Group\Spelet & Assoc\General-Barmaceuticals, U.C\Burkett

In witness whereof, the undersigned Seller has executed this Bill of Sale through its duly authorized officer as of the date set forth above.

SELLER:

PHARMA INVESTMENTS LLC

By: Kal W. Leo

SMELEK AND ASSOCIATES, INC.

By: Rev Sources
Its: Was Res

M: General Representation Clients N to Z\Smelek Ray. The Network Group\Smelek & Assoc\Gen Pharmaceuticals, LLC\Burkett

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