

1/22/04

01-27-2004



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Form PTO-1595<sup>1</sup>  
(Rev. 10/02)

REC

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

OMB No. 0651-0027 (exp. 6/30/2005)

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

## 1. Name of conveying party(ies):

buySAFE, Inc.  
5500 Cherokee Avenue, Suite 300  
Alexandria, VA 22312Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

## 3. Nature of conveyance:

- ☐ Assignment ☐ Merger  
☒ Security Agreement ☐ Change of Name  
☐ Other \_\_\_\_\_

01/12/2004

Execution Date: \_\_\_\_\_

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

Name: Hartford Fire Insurance Company

Internal Address: \_\_\_\_\_

Street Address: 308 Farmington Avenue

City: Hartford State: CT Zip: 06032

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

## 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) \_\_\_\_\_

10/419269

B. Patent No.(s) \_\_\_\_\_

Additional numbers attached? ☐ Yes ☒ No

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

Name: Tatiana Connolly

Internal Address: LeBoeuf, Lamb, Greene &  
MacRae, L.L.P.

Street Address: Goodwin Square

225 Asylum Street, Floor 13

City: Hartford State: CT Zip: 06103

6. Total number of applications and patents involved: ☒ 1

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.

Tatiana Connolly

Name of Person Signing

Signature

January 12, 2004

Date

Total number of pages including cover sheet, attachments, and documents: 10

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

Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231

01/26/2004 JUALAH2 00000027 10419269

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PATENT  
REEL: 014908 FRAME: 0940

Name of Conveying Party:

buySAFE, Inc.

Alexandria, VA 22312

**Item 2.** Name and Address of Receiving Parties.

Name:	Thomas Rutherford, Inc.
Street Address:	One South Jefferson Street
City:	Roanoke
State:	VA
Zip:	24011

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SHARES, THE TRANSFER IS MADE IN COMPLIANCE WITH RULE 144 PROMULGATED UNDER SUCH ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

**buySAFE, INC.**  
**SENIOR SECURED CONVERTIBLE NOTE**

\$200,000.00

January 12, 2004

**buySAFE, INC.**, a Delaware corporation (the "Company"), for value received, hereby promises to pay to the order of Hartford Fire Insurance Company (the "Purchaser"), at its office at 308 Farmington Avenue, Hartford, CT 06032 or at such other place as the Purchaser may designate, the principal amount of Two Hundred Thousand and 00/100 Dollars (\$200,000.00) (the "Principal") on the earlier (the "Maturity Date") of (i) December 31, 2004, (ii) the date of a Liquidation Event (as defined in the Company's Amended and Restated Certificate of Incorporation) and (iii) at the option of the holders of at least 66 2/3% of the then outstanding principal amount of the Notes (as hereinafter defined), the date of a Subsequent Financing (as hereinafter defined).

The Company also agrees to pay interest (computed on the basis of a 360-day a year of twelve 30-day months) on the unpaid balance of the Principal from the date hereof at a rate per annum equal to 12%, which shall be paid on the Maturity Date. If the Company shall fail to pay any obligation under this Note outstanding on the Maturity Date, interest shall accrue on the Principal and (to the extent permitted by applicable law) on any overdue interest, at a rate per annum equal to 18% until paid in full.

This Note is one of the Senior Secured Convertible Notes (the "Notes") issued by the Company on or about the date hereof in the aggregate principal amount of \$250,000. The Notes rank equally and ratably without priority over one another. Furthermore, no payment, including any prepayment, shall be made hereunder unless payment, including any prepayment, is made with respect to the other Note in an amount which bears the same ratio to the then unpaid principal amount of such Note as the payments made hereon bears to the then unpaid principal amount under this Note. In the event that any purchaser of a Note receives payment in respect of such Note in excess of the amount payable to it under this paragraph, such purchaser shall promptly report the same to the Company and make such payments to each other purchaser of a Note as may be required to correct the disproportionate payment.

This Note may not be prepaid without the prior written consent of the Purchaser. Upon any such prepayment, the Company shall pay the Principal proposed to be prepaid together with all accrued and unpaid interest and prepayment premium thereon.

If the Company shall repay this Note prior to September 12, 2004 (whether such repayment is voluntary or involuntary), in addition to the Principal and accrued and unpaid interest on this Note, the Company shall pay to the Purchaser a prepayment premium equal to the positive result of (i) 8% of the Principal, minus (ii) all accrued but unpaid interest on this Note at the date of repayment.

The Company hereby grants the Purchaser a continuing security interest in all presently existing and later acquired Collateral (defined below) to secure all of the Company's obligations under this Note. "Collateral" shall mean, and shall consist of, all of the Company's right, title and interest in and to all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, general intangibles (including business records, contract rights, patents, trademarks, copyrights, goodwill, registrations, applications, franchises and tax refund claims), supporting obligations and any and all proceeds of any thereof, wherever located, whether now owned or hereafter acquired.

The Purchaser hereby confirms and agrees that notwithstanding the respective order of priorities of recording or the perfection of the liens and security interests granted to and held by each purchaser of a Note as collateral security for the Company's respective obligations under the Notes, each of the Notes and each of the liens, security interests, and rights of each such purchaser in the Collateral and the rights and recourse of each such purchaser against the Company arising out of or in connection with the Notes shall be equal in all respects and that no such purchaser shall have a lien position in any of the Collateral or rights and recourse against the Company that is superior or prior to those of any other purchaser of a Note.

Contemporaneously with the closing of a financing transaction by the Company from the sale of securities (a "Subsequent Financing"), the Purchaser shall have the option to convert this Note into an instrument or instruments (each a "Conversion Instrument") having substantially identical terms as each type of instrument issued by the Company to any and all parties investing in the Subsequent Financing. The aggregate face or other stated value of the corresponding Conversion Instrument into which this Note shall convert shall equal all unpaid obligations under this Note (including Principal, accrued and unpaid interest and prepayment premium). In addition, the Purchaser shall also be entitled to receive a proportionate amount of any other securities issued in such Subsequent Financing, as well as all other applicable certificates and documentation. Upon the occurrence of the foregoing, the Purchaser shall surrender this Note to the Company in return for the prompt issuance and delivery by the Company of a certificate evidencing the appropriate number of securities issued in such Subsequent Financing. No fractional shares shall be issued upon any conversion; instead, the Company shall pay the cash value of any fractional share based on the issue price of the securities issued in such Subsequent Financing. Immediately upon any conversion, this Note shall no longer be deemed to be

outstanding and all rights with respect to this Note shall immediately cease and terminate, except the right of the Purchaser to receive the securities to which it is entitled as a result of the conversion hereof.

The Company represents and warrants to the Purchaser that as of the date hereof (i) each of the representations and warranties contained in Section 2 of that certain Series A Convertible Preferred Stock Purchase Agreement dated as of July 14, 2003 among, inter alia, the Company and the Purchaser is true and correct, except all references to "June 1, 2003" in Section 2.19 thereof shall be deemed to be to "January 1, 2004", (ii) all corporate actions on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution, delivery and performance of this Note have been taken, (iii) this Note constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms, (iv) except for the filing of a UCC financing statement in the State of Delaware, the filing of a notice filing in the United States Patent and Trademark Office and any filings required under federal and state securities laws, the execution, delivery and performance of this Note does not result in any violation of or conflict with, or constitute a default under, or require any consent, approval, order, authorization, registration or filing under, any instrument, judgment, order, writ, decree, contract, law, rule or regulation, or the Company's Certificate of Incorporation or Bylaws, or constitute an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company (other than liens in favor of the Purchaser created hereby) and (v) this Note, together with the filings referred to in clause (iv) above, create a valid and perfected first priority security interest in the Collateral, securing all of the Company's obligations under the Notes.

The Company and its successors and assigns promise to pay all reasonable costs and expenses, including attorneys' fees, incurred by the Purchaser in collecting or attempting to collect the indebtedness under this Note, whether or not any action or proceeding is commenced. None of the provisions hereof and none of the Purchaser's rights or remedies hereunder on account of any past or future defaults shall be deemed to have been waived by the Purchaser's acceptance of any partial payments or by any indulgence granted by the Purchaser to the Company.

This Note shall inure to the benefit of the Purchaser, its successors and assigns and shall bind the successors and assigns of the Company. Notwithstanding the foregoing, the Company shall not assign its obligations under this Note without the express written consent of the Purchaser. Any purported assignment of this Note by the Company without such consent shall be void and of no force or effect. Each reference herein to powers or rights of the Purchaser shall also be deemed a reference to the same power or right of such assignees, to the extent of the interest assigned to them.

The Company hereby waives presentment for payment, demand, notice of dishonor and protest and all other demands or notices in connection with the delivery, performance, default or enforcement of this Note. No delay or omission on the part of the Purchaser in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion. No waiver or modification of any of the terms of this Note shall be valid or binding unless set forth in a writing specifically referring to this Note and signed by the

holders of at least 66 2/3% of the outstanding principal amount of the Notes, and then only to the extent specifically set forth therein.

Each payment under this Note shall first be credited against any costs and expenses provided for hereunder, second to the payment of accrued and unpaid interest and prepayment premium, and the remainder shall be credited against Principal. All amounts due hereunder shall be payable without defense, set off or counterclaim, in lawful money of the United States of America delivered to the Purchaser at such place as the Purchaser shall designate in writing for such purpose from time to time.

In the event that any one or more provisions of this Note shall be held to be illegal, invalid or otherwise unenforceable, the same shall not affect any other provision of this Note and the remaining provisions of this Note shall remain in full force and effect.

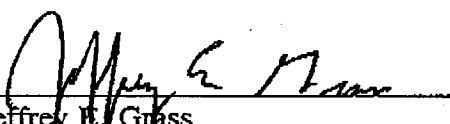
THE COMPANY ACKNOWLEDGES THAT THE OBLIGATION EVIDENCED BY THIS NOTE IS A COMMERCIAL TRANSACTION AND WAIVES ITS RIGHTS TO NOTICE AND HEARING UNDER CONNECTICUT LAW, OR AS OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH THE PURCHASER MAY DESIRE TO USE.

THE COMPANY HEREBY WAIVES TRIAL BY JURY IN ANY COURT IN ANY SUIT, ACTION OR PROCEEDING OR ANY MATTER ARISING IN CONNECTION WITH OR IN ANY WAY RELATED TO THE TRANSACTION FOR WHICH THIS NOTE IS A PART AND/OR THE ENFORCEMENT OF ANY OF THE PURCHASER'S RIGHTS AND REMEDIES. THE COMPANY ACKNOWLEDGES THAT IT MADE THIS WAIVER KNOWINGLY, VOLUNTARILY AND ONLY AFTER EXTENSIVE CONSIDERATION OF THE RAMIFICATIONS OF THIS WAIVER WITH ITS ATTORNEYS.

This Note is made in and shall be governed by the laws of the State of Connecticut.

buySAFE, Inc., a Delaware corporation

By:

  
Jeffrey E. Grass  
President

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT COVERING SUCH SHARES, THE TRANSFER IS MADE IN COMPLIANCE WITH RULE 144 PROMULGATED UNDER SUCH ACT, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL OR OTHER EVIDENCE REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

**buySAFE, INC.**  
**SENIOR SECURED CONVERTIBLE NOTE**

\$50,000.00

January 12, 2004

**buySAFE, INC.**, a Delaware corporation (the "Company"), for value received, hereby promises to pay to the order of Thomas Rutherford, Inc. (the "Purchaser"), at its office at One South Jefferson Street, Roanoke, VA 24028 or at such other place as the Purchaser may designate, the principal amount of Fifty Thousand and 00/100 Dollars (\$50,000.00) (the "Principal") on the earlier (the "Maturity Date") of (i) December 31, 2004, (ii) the date of a Liquidation Event (as defined in the Company's Amended and Restated Certificate of Incorporation) and (iii) at the option of the holders of at least 66 2/3% of the then outstanding principal amount of the Notes (as hereinafter defined), the date of a Subsequent Financing (as hereinafter defined).

The Company also agrees to pay interest (computed on the basis of a 360-day a year of twelve 30-day months) on the unpaid balance of the Principal from the date hereof at a rate per annum equal to 12%, which shall be paid on the Maturity Date. If the Company shall fail to pay any obligation under this Note outstanding on the Maturity Date, interest shall accrue on the Principal and (to the extent permitted by applicable law) on any overdue interest, at a rate per annum equal to 18% until paid in full.

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holders of at least 66 2/3% of the outstanding principal amount of the Notes, and then only to the extent specifically set forth therein.

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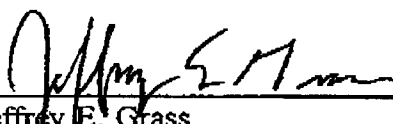
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buySAFE, Inc., a Delaware corporation

By:

  
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Jeffrey E. Grass  
President