

PATENT ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT																										
NATURE OF CONVEYANCE:	NUNC PRO TUNC ASSIGNMENT																										
EFFECTIVE DATE:	09/02/2005																										
CONVEYING PARTY DATA																											
<table><tr><td>Name</td><td>Execution Date</td></tr><tr><td>HERC Products, Inc.</td><td>09/02/2005</td></tr></table>		Name	Execution Date	HERC Products, Inc.	09/02/2005																						
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HERC Products, Inc.	09/02/2005																										
RECEIVING PARTY DATA																											
<table><tr><td>Name:</td><td>Gemma Companies, LLC</td></tr><tr><td>Street Address:</td><td>15849 N. 71st Street</td></tr><tr><td>Internal Address:</td><td>Suite 100</td></tr><tr><td>City:</td><td>Phoenix</td></tr><tr><td>State/Country:</td><td>ARIZONA</td></tr><tr><td>Postal Code:</td><td>85254</td></tr></table>		Name:	Gemma Companies, LLC	Street Address:	15849 N. 71st Street	Internal Address:	Suite 100	City:	Phoenix	State/Country:	ARIZONA	Postal Code:	85254														
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PROPERTY NUMBERS Total: 12																											
<table><tr><td>Property Type</td><td>Number</td></tr><tr><td>Patent Number:</td><td>6964275</td></tr><tr><td>Patent Number:</td><td>5322635</td></tr><tr><td>Patent Number:</td><td>5360488</td></tr><tr><td>Patent Number:</td><td>5451335</td></tr><tr><td>Patent Number:</td><td>5527395</td></tr><tr><td>Patent Number:</td><td>5680877</td></tr><tr><td>Patent Number:</td><td>5800629</td></tr><tr><td>Patent Number:</td><td>5873944</td></tr><tr><td>Patent Number:</td><td>5885364</td></tr><tr><td>Patent Number:</td><td>5895763</td></tr><tr><td>Patent Number:</td><td>6076536</td></tr><tr><td>Patent Number:</td><td>6345632</td></tr></table>		Property Type	Number	Patent Number:	6964275	Patent Number:	5322635	Patent Number:	5360488	Patent Number:	5451335	Patent Number:	5527395	Patent Number:	5680877	Patent Number:	5800629	Patent Number:	5873944	Patent Number:	5885364	Patent Number:	5895763	Patent Number:	6076536	Patent Number:	6345632
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PATENT
REEL: 023003 FRAME: 0045

CORRESPONDENCE DATA**Fax Number:** (602)255-0103*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.***Phone:** (602) 255-6094**Email:** lal@tblaw.com**Correspondent Name:** Richard E. Oney**Address Line 1:** 2525 E. Camelback Road**Address Line 2:** Third Floor**Address Line 4:** Phoenix, ARIZONA 85016**ATTORNEY DOCKET NUMBER:**

15339-001

NAME OF SUBMITTER:

Richard E. Oney

Total Attachments: 17

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PATENT AND TRADE SECRET SALE AND ASSIGNMENT AGREEMENT

1. Introduction. This agreement is by and between H.E.R.C. Products, Inc., a Delaware corporation ("SELLER"), and Perryville & Broadway Holdings, LLC, an Arizona limited liability company ("PURCHASER") (the "Agreement").

2. Assignment and Transfer.

2.1. In consideration for PURCHASER entering into that certain Agreement for Secured Convertible Line of Credit with SELLER, dated September 2, 2005, and agreeing to provide the financing and perform on the terms contemplated by that agreement, SELLER hereby absolutely assigns, sells, transfers and conveys to PURCHASER all of SELLER's patents, trademarks, trade secrets and other intellectual property as more fully identified in the attached Exhibit "1" (the "Intellectual Property").

2.2. PURCHASER shall have all ownership rights in the Intellectual Property effective only upon the occurrence of an Event of Default under that certain Agreement for Secured Convertible Line of Credit, dated September 2, 2005 (the "**Agreement for Secured Convertible Line of Credit**") between SELLER and PURCHASER, that certain Security Agreement, dated September 2, 2005 (the "**Security Agreement**") between SELLER and PURCHASER or any Secured Promissory Note in or for which SELLER is the Maker or any other document or agreement evidencing any indebtedness owed by SELLER to PURCHASER which remains uncured for a period of seven days after a written notice of default is provided by SELLER to PURCHASER as set forth below.

2.3. After the Assignment Agreement is signed by SELLER, it shall be held by counsel for PURCHASER or an escrow agent agreeable to SELLER and PURCHASER and will be delivered to PURCHASER upon receipt of a written notice from PURCHASER that any default by SELLER has remained uncured for seven days after the date that written notice of that default was provided to SELLER as required by the Agreement for Secured Convertible Line of Credit, the Security Agreement and any Secured Promissory Note.

3. Duties.

3.1. SELLER agrees the items regarding the Intellectual Property that are listed above will be delivered to Purchaser in the manner and on the date set forth above in the same condition as they existed as of September 2, 2005.

3.2 SELLER agrees to provide PURCHASER with a written report on the first day of each month after the date of the execution of this Agreement prior to the date it is effective and delivered to PURCHASER as to whether SELLER has made any upgrades, updates, changes or modifications to the Intellectual Property. In addition, SELLER shall inform PURCHASER about any proposed upgrades, updates, changes or modifications to the Intellectual Property within ten (10) days prior to commencing or permitting the commencement of any such upgrades, updates, changes or modifications to the Intellectual Property.

4. Consideration. In consideration of above absolute assignment, transfer and conveyance, PURCHASER has entered into the Agreement for Secured and Convertible Line of Credit and will make available to SELLER a line of credit, pursuant to the terms and conditions of the Agreement for Secured and Convertible Line of Credit, be bound to the terms and conditions of the Agreement for Secured and Convertible Line of Credit, the Security Agreement and the other Loan Documents.

5. Seller's Warranties.

5.1. SELLER warrants that SELLER has the legal right to grant PURCHASER the above assignment.

5.2. SELLER warrants that the above assignment does not infringe any third parties' rights in the Intellectual Property.

5.3. SELLER warrants that there are no pending lawsuits concerning the Intellectual Property in any way.

5.4. SELLER warrants that nothing has occurred to adversely affect the patents which are part of the Intellectual Property.

6. Governing Law, Jurisdiction And Venue.

6.1 The enforcement, performance, discharge, lack of performance and formation of this Agreement shall be governed by, and construed and enforced in accordance with, the law of the State of Arizona, regardless of any applicable conflict-of-law rules to the contrary.

6.2 The SELLER and PURCHASER also hereby:

(A) irrevocably submit to the jurisdiction of the Superior Court of Maricopa County, State of Arizona, or any successor to said court, and to the jurisdiction of the United States District Court for the District of Arizona, or any successor to said court (hereinafter referred to as the "**Arizona Courts**") for purposes of any suit, action or other proceeding which relates to the transactions contemplated in this Agreement;

(B) to the extent permitted by applicable law, waive and agree not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that they are not personally subject to the jurisdiction of the Arizona Courts; that the suit, action or proceeding is brought in an inconvenient forum; that the venue of the suit, action or proceeding is improper; or that this Agreement or any transaction provided for herein may not be enforced in or by the Arizona Courts; and

(C) agree not to seek, and hereby waive, any collateral review by any other court, which may be called upon to enforce the judgment or any of the Arizona Courts, of the merits of any such suit, action or proceeding or the jurisdiction of said Arizona Court.

7. General.

7.1. This Agreement sets forth the entire understanding and agreement between the parties. This Agreement may be modified or changed only in writing; all such modifications and changes must be signed by both parties.

7.2. This Agreement is binding upon the legal successors of the parties.

7.3. This Agreement shall be effective as of the first date on which all parties have signed it.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as indicated below.

SELLER:

H.E.R.C. PRODUCTS, INC.

PURCHASER:

PERRYVILLE & BROADWAY HOLDINGS, LLC

By: 

Name: Steve Carl

Title: President

Date: September 2, 2005

Address: 1420 Columbus Avenue
Portsmouth, VA 23704

By: 

Name: Jack Rose

Title: Managing Member

Date: September 2, 2005

Address: 1616 North Litchfield Road
Suite 240
Goodyear, Arizona 85338

PATENT

REEL: 023003 FRAME: 0049

Exhibit 1

(Intellectual Property – 4 Schedules)

Country	Inventor	Status	Serial No.	Application Date	Patent No.	Issue/Grant Date	Title
United States	Dale A. Miller	Granted	07/151,712	2/3/1988	4,797,220	1/10/1989	Descaling And Anti-Oxidizing Composition and Process Therefor
United States	Allen C. Hieatt	Granted	07/700,780	5/16/1991	5,322,635	6/21/1994	Soap Compositions Of Carboxylic Acids and Amines Useful in Removal and Prevention of Scale
United States	Allen C. Hieatt	Granted	08/259,904	6/15/1994	5,451,335	9/19/1995	1:1 Soap Compositions Of Acids and Amines or Ammonia Useful In Removal and Prevention of Scale
United States	Allen C. Hieatt	Granted	08/036,188	3/23/1993	5,360,488	11/1/1994	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
United States	Edward C. Perry	Granted	08/262,601	6/20/1994	5,527,395	6/18/1996	Method of Cleaning & Maintaining Potable Water Distribution Pipe Systems With a Heat Cleaning Solution
United States	Allen C. Hieatt	Granted	08/675,802	7/5/1996	5,885,364	3/23/1999	Method of Cleaning and Maintaining Potable Water Distribution Pipe Systems
United States	Todd R. Eden	Granted	08/099,738	7/30/1993	5,332,494	7/26/1994	Water Control System Using Oxidation Reduction Potential Sensing
United States	Craig Edstrand	Granted	08/547,099	10/23/1995	5,680,877	10/28/1997	System For And Method Of Cleaning Water Distribution Pipes
United States	Jerome H. Ludwig	Granted	08/812,273	3/6/1997	5,800,629	9/1/1998	Pipe System Cleaning and In-Line Treatment of Spent Cleaning Solution
United States	Craig Edstrand	Granted	08/838,174	4/16/1997	5,895,763	4/20/1999	Controlled Carbonate Removal from Water Conduit Systems
United States	Patrick E. Lien	Granted	08/854,929	5/13/1997	5,873,944	2/23/1999	Vacuum Waste Pipe Cleaning
United States	Jerome H. Ludwig	Granted	09/167,360	10/7/1998	6,076,536	6/20/2000	Cleaning and Passivating Water Distribution Systems
United States	Jerome H. Ludwig	Granted	09/515,075	2/28/2000	6,345,632	2/12/2002	Method of Cleaning and Passivating a Fire Protection System
United States	S. Steven Carl	Filed	10/025,629	12/26/2001			Countermeasure Washdown System Cleaning

Schedule 2

HERC's US Trademarks

1 of 1

Mark Name	Country	Status	Current Appl. No	Current Appl. Date	Current Reg No	Current Reg Date
H.E.R.C. & Design	United States	Registered	74/394,220	5/24/1993	1,820,937	2/15/1994
LINE-OUT	United States	Registered	74/508,062	4/1/1994	1,889,530	4/18/1995
PIPE-KLEAN	United States	Registered	76/199,018	1/24/2001	2,617,142	9/10/2002
PIPE-KLEAN	United States	Registered	74/446,077	10/12/1993	1,874,885	1/17/1995
WELL-KLEAN II	United States	Registered	74/291,307	7/6/1992	1,757,905	3/16/1993

Schedule 3

HERC's Foreign Patents/Patent Applications

1 of 1

Country	Status	Serial No.	Application Date	Patent No.	Issue/Grant Date	Title
Australia	Granted	673426	3/22/1994	673426	2/26/1997	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Brazil	Granted	9406139	3/22/1994	9406139-4	10/31/2000	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Canada	Granted	2157916	3/22/1994	2157916	1/25/2000	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
France	Granted	94912283.2	3/22/1994	690944	9/2/1998	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Germany	Granted	94912283.2	3/22/1994	69413017.6	9/2/1998	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Great Britain	Granted	94912283.2	3/22/1994	690944	9/2/1998	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Japan	Granted	521313/94	3/22/1994	3597193	9/17/2004	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
South Korea	Granted	95-704137	3/22/1994	355912	9/26/2002	Method Of Cleaning And Maintaining Water Distribution Pipe Systems
Malaysia	Granted	P195001617	6/15/1995	MY-115961	10/31/2003	Method of Cleaning & Maintaining Potable Water Distribution Pipe Systems With a Heated Cleaning Solution
Canada	Granted	2193494	6/14/1995	2193494	12/7/1999	Method of Cleaning and Maintaining Potable Water Distribution Pipe Systems with a Cleaning Solution
Australia	Granted	64470/98	3/4/1998	476085	1/25/2001	Pipe System Cleaning and In-Line Treatment of Spent Cleaning Solution
Brazil	Granted	P19808822-0	3/4/1998	P19808822-0	6/22/2004	Pipe System Cleaning and In-Line Treatment of Spent Cleaning Solution
Canada	Granted	2280828	3/4/1998	2280828	9/2/2003	Pipe System Cleaning and In-Line Treatment of Spent Cleaning Solution
Japan	Filed	538767/98	3/4/1998			Pipe System Cleaning and In-Line Treatment of Spent Cleaning Solution
Australia	Granted	62864/99	10/4/1999	751907	12/12/2002	Cleaning And Passivating Water Distribution Systems
Brazil	Filed	P19914131-0	10/4/1999			Cleaning And Passivating Water Distribution Systems
Canada	Granted	2345294	10/4/1999	2345294	1/6/2004	Cleaning And Passivating Water Distribution Systems
EPC	Filed	99950141.4	10/4/1999			Cleaning And Passivating Water Distribution Systems
Japan	Filed	2000-573488	10/4/1999			Cleaning And Passivating Water Distribution Systems
South Korea	Filed	2001-7004107	10/4/1999			Cleaning And Passivating Water Distribution Systems
Japan	Filed	2003-559692	12/11/2002			Countermeasure Washdown System Cleaning

PATENT

REEL: 023003 FRAME: 0053

Schedule 4

HERC's Foreign Trademarks

1 of 1

Mark Name	Country	Status	Current Appl. No	Current Appl. Date	Current Reg No	Current Reg Date
PIPE-KLEAN	Brazil	Registered	819649929	11/14/1996	819649929	3/1/2005
HERC & Design	Brazil	Registered	819649880	11/14/1996	819649880	5/18/1999
HERC	Brazil	Registered	819649856	11/14/1996	819649856	5/18/1999
WELL-KLEAN	Brazil	Registered	819649937	11/14/1996	819649937	3/1/2005
H.E.R.C. SOUTH AMERICA AND DES	Brazil	Registered	819649872	11/27/1996	819649872	5/18/1999

Exhibit 2

(Chain of Title – 2 documents)

ASSIGNMENT OF SECURITY AGREEMENT

This Assignment is made and executed by Perryville & Broadway Holdings, LLC ("Assignor") to and in favor of Rosewood Equity Holdings, L.L.C. ("Assignee").

For valuable consideration received, Assignor hereby sells, assigns and transfers to Assignee, its successors or assigns, Assignor's entire right, title and interest in and to the following:

1. Security Agreement between H.E.R.C. Products, Inc., a Delaware corporation ("HERC") and Perryville & Broadway Holdings, LLC, an Arizona limited liability company ("Perryville") dated September 2, 2005;
2. Agreement for Convertible Secured Line of Credit between HERC and Perryville dated September 2, 2005 (the "Line Agreement");
3. Patent and Trade Secret Sale and Assignment Agreement, between HERC and Perryville dated September 2, 2005;
4. Patent Security Agreement between HERC and Perryville dated September 2, 2005;
5. Trademark Security Agreement between HERC and Perryville dated September 2, 2005;
6. Warrant Agreement between HERC and Perryville dated September 26, 2005;
7. Amendment to Line Agreement, dated September 28, 2005;
8. Second Amendment to Line Agreement, dated October 26, 2005;
9. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date October 26, 2005;
10. Third Amendment to Line Agreement, dated February 27, 2006;
11. Secured Promissory Note between HERC and Perryville dated September 2, 2005;
12. Secured Promissory Note between HERC and Perryville dated September 7, 2005;
13. Secured Promissory Note between HERC and Perryville dated September 14, 2005;
14. Secured Promissory Note between HERC and Perryville dated September 21, 2005;
15. Secured Promissory Note between HERC and Perryville dated September 28, 2005;
16. Secured Promissory Note for Third Amendment to Agreement for Secured Convertible Line of Credit dated January 23, 2006;
17. Warrant Agreement between HERC and Perryville dated July 21, 2005; and
18. All other documents and instruments evidencing, securing or relating to the Line Agreement, any and all advances made under or pursuant to the Line Agreement or any of the Secured Promissory Notes, and any of the collateral for such advances.

PERRYVILLE & BROADWAY HOLDINGS, LLC

9/18/2006
Date

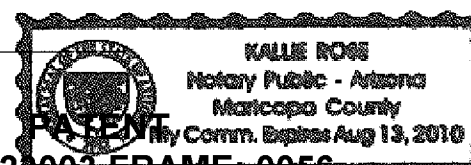
By *Jack Rose*
Jack Rose
Managing Member

State of Arizona)
County of Maricopa) ss.:

The foregoing instrument was acknowledged before me this 18th day of September, 2006, by Jack Rose, the Managing Member of Perryville & Broadway Holdings, LLC, on behalf of the company.

My commission expires:

Kellie Rose
NOTARY PUBLIC



ASSIGNMENT OF SECURITY AGREEMENT

This Assignment is made and executed by Rosewood Equity Holdings, L.L.C. ("Assignor") to and in favor of Gemma Companies, L.L.C. ("Assignee").

For valuable consideration received, Assignor hereby sells, assigns and transfers to Assignee, its successors or assigns, Assignor's entire right, title and interest in and to the following:

1. Security Agreement between H.E.R.C. Products, Inc., a Delaware corporation ("HERC") and Perryville & Broadway Holdings, LLC, an Arizona limited liability company ("Perryville") dated September 2, 2005;
2. Agreement for Convertible Secured Line of Credit between HERC and Perryville dated September 2, 2005 (the "Line Agreement");
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5. Trademark Security Agreement between HERC and Perryville dated September 2, 2005;
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9. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date September 26, 2005;
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15. Secured Promissory Note between HERC and Perryville dated September 28, 2005;
16. Secured Promissory Note for Third Amendment to Agreement for Secured Convertible Line of Credit dated January 23, 2006;
17. Warrant Agreement between HERC and Perryville dated July 21, 2005
18. Warrant Agreement between HERC and Perryville dated August 29, 2005
19. Warrant Agreement between HERC and Perryville dated October 26, 2005
20. Warrant Agreement between HERC and Perryville dated January 23, 2006;
21. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date July 21, 2005
22. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date August 29, 2005
23. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date October 26, 2005
24. Warrant Certificate to Purchase Shares of Class A Common Stock of H.E.R.C. Products, Inc., a Delaware Corporation, grant date January 23, 2006; and

25. All other documents and instruments evidencing, securing or relating to the Line Agreement, any and all advances made under or pursuant to the Line Agreement or any of the Secured Promissory Notes, and any of the collateral for such advances.

ROSEWOOD EQUITY HOLDINGS, LLC

1-30-09

Date

By

Jack Rose

Jack Rose

Managing Member

State of ARIZONA)

) ss.:

County of MARICOPA)

The foregoing instrument was acknowledged before me this 30 day of JANUARY, 2009, by Jack Rose, the Managing Member of Rosewood Equity Holdings, LLC, on behalf of the company.

My commission expires:

Kathleen J. Robinson

NOTARY PUBLIC

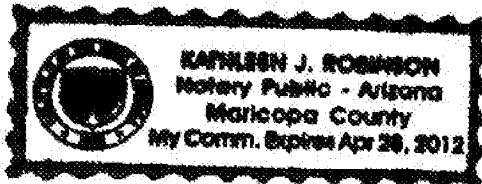


Exhibit 3

(Notice of Default and Failure to Cure – 2 letters)

CHRISTOPHER R. KAUP

Attorney at Law
Telephone: 602.255-6024
Email: crk@tblaw.com

Attorneys At Law

Mark S. Bosco
Michael A. Bracco, Jr.
Lance R. Broberg
J. James Christian
Elizabeth A. Corasanti
Dorian L. Eden
Andrew M. Ellis
William H. Finnegan
Beth A. Heath
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Dustin C. Jones
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Leonard J. Mark
J. Lawrence McCormick
Leonard J. McDonald
Frank R. Mead
Tracy S. Mornhouse
Kevin P. Nelson
Richard E. Oney
Salvador Ongiso
Dow Glenn Ostlund
James P. O'Sullivan
James E. Padish
Alexander Poulos
Robert A. Royal
Jeffrey A. Sandell
William J. Simon
Michael E. Tiffany
Kellie N. Wells

October 10, 2008

VIA FACSIMILE (619-427-0063)
E MAIL (steven.carl@hercprod.com)
AND U.S. FIRST-CLASS MAIL

Mr. Steve Carl, President
H.E.R.C. Products, Inc.
155 West 35th Street, Suite C
National City, CA 91950

Re: Notice of Default and Demand for Payment
Agreement for Convertible Secured Line of Credit

Dear Mr. Carl:

This firm represents Rosewood Equity Holdings, L.L.C. ("Rosewood"). As you are aware, Rosewood is the current owner and holder of all rights under that certain Agreement for Convertible Secured Line of Credit dated September 2, 2005 (the "Line Agreement"), with H.E.R.C. Products, Inc., a Delaware corporation ("HERC").

HERC has failed to make numerous payments due to Rosewood under the terms of the Line Agreement and related Secured Promissory Notes. This letter shall constitute Rosewood's formal demand that that HERC pay in full on or before the close of business on October 17, 2008, the remaining balance due under the series of Secured Promissory Notes executed by you on behalf of HERC. The aggregate amount of principal and interest due to Rosewood under the terms of those instruments was \$206,717.82 as of October 8, 2008 and will be 207,900.40 as of October 17, 2008.

Please be aware that Rosewood will exercise of its rights and remedies under the terms of the Line Agreement, the Secured Promissory Notes, the Security Agreement, dated September 2, 2005 (the "Security Agreement"), the Patent and Trade Secret Sale and Assignment Agreement (the "IP Sale Agreement"), the Patent Security Agreement, dated September 2, 2005 (the "Patent Security Agreement"), and the Trademark Security Agreement, dated September 2, 2005 (the "Trademark Security Agreement"), if the defaults by HERC are not cured by payment in full of all amounts due to Rosewood prior to the close of business on October 17, 2008.



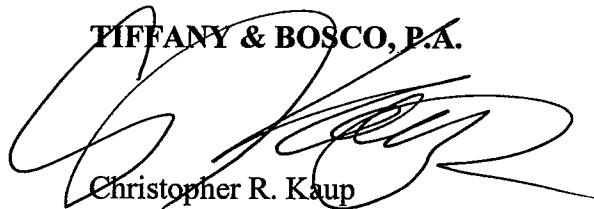
Mr. Steve Carl
October 10, 2008
Page 2

Demand is further made upon you and HERC, pursuant to Section 2 of the Security Agreement, to (1) cease immediately the sale, use or transfer of any Inventory, as that term is defined in the Security Agreement; (2) immediately deliver to Rosewood certificates of title to and other documents evidencing an interest in all Inventory, including a listing of all Inventory, held by HERC; (3) immediately deliver to Rosewood evidence of ownership, including certificates of title and a list, of all Equipment, as that term is defined in the Security Agreement; (4) cease immediately the use of all funds received and to be received by HERC constituting the proceeds of any and all Receivables, as that term is defined in the Security Agreement; (5) immediately deliver to Rosewood all funds in its possession constituting the proceeds of any and all Receivables; and (6) immediately provide Rosewood with copies of all invoices relating to the Receivables and a listing and aging of all Receivables with the names, addresses and contact persons for all account debtors owing money to HERC.

Please be further advised that Rosewood's decisions to make the demands set forth herein and to exercise certain remedies under the referenced instruments are not and shall not be construed as a waiver of any other rights and remedies. Rosewood, hereby, expressly reserves its right to exercise any and all additional rights, remedies and powers under the Line Agreement, the Secured Promissory Notes, the Security Agreement, the IP Sale Agreement, the Patent Security Agreement, and the Trademark Security Agreement.

Very truly yours,

TIFFANY & BOSCO, P.A.



Christopher R. Kaup

CRK:lfa

cc: Mr. Jack Rose
Mr. Alan Sparks

Louis A. Lofredo

From: Alan Sparks [alan.sparks@gemmacompanies.com]
Sent: Friday, July 24, 2009 10:45 AM
To: Louis A. Lofredo
Subject: FW: Defaults By HERC

From: Christopher R. Kaup [mailto:CRK@tblaw.com]
Sent: Wednesday, April 22, 2009 7:13 PM
To: steven.carl@hercprod.com
Cc: alan.sparks@gemmacompanies.com; vivistar1@aol.com; glanzer@rlglegal.com; barnhart@rlglegal.com; J. Daryl Dorsey; Louis A. Lofredo
Subject: Defaults By HERC

As you are aware, HERC is in default on various provisions of the Agreement for Convertible Secured Line of Credit, dated September 2, 2005 (the "Line Agreement"), Secured Promissory Notes, the Security Agreement, dated September 2, 2005 (the "Security Agreement"), the Patent and Trade Secret Sale and Assignment Agreement (the "IP Sale Agreement"), the Patent Security Agreement dated September 2, 2005 (the "Patent Security Agreement"), and the Trademark Security Agreement, dated September 2, 2005 (the "Trademark Security Agreement") and related loan and security documents now held and owned by my client Gemma Companies.

This e-mail shall serve as formal written notice of those defaults, revocation of HERC's right to use or transfer any cash in any accounts or the proceeds of "Receivables," as that term is defined under Section 2(i) and Exhibit A of the Security Agreement, and demand that you and HERC immediately pay over to Gemma or my firm, on behalf of Gemma, any and all monies or proceeds of Receivables in your or HERC's possession or that may come into the possession of HERC or you, as you are required to do pursuant to Section 2(l)(iii) of the Security Agreement. In addition, this e-mail shall serve as formal demand that you provide me with all of the documents referenced in Section 2(l)(v) of the Security Agreement, including lists of the names, addresses and amounts due with respect to all of HERC's account debtors, as you are also required to do. Finally, demand is further made upon you and HERC, pursuant to Section 2 of the Security Agreement, to (1) cease immediately the sale, use or transfer of any Inventory, as that term is defined in the Security Agreement; (2) immediately deliver to Gemma certificates of title to and other documents evidencing an interest in all Inventory, including a listing of all Inventory, held by HERC; (3) immediately deliver to Gemma evidence of ownership, including certificates of title and a list, of all Equipment, as that term is defined in the Security Agreement; and (4) cease immediately the use of all funds received and to be received by HERC constituting the proceeds of any and all Receivables, as that term is defined in the Security Agreement.


Please also take notice that Gemma intends to exercise all of its rights and remedies under the terms of the Security Agreement, Line Agreement, Secured Promissory Notes, Patent Security Agreement, IP Sale Agreement and Trademark Security Agreement. The failure to reference any such rights and remedies in this e-mail shall not constitute a waiver of any such rights and remedies.

Finally, if you transfer or cause to be used or paid any funds or any proceeds from any Receivables in your or HERC's possession or which may come into the possession of HERC or you, Gemma intends to take all appropriate legal action against you personally for damages caused by any such act of conversion and breach of the trust and fiduciary duties by which you and HERC hold those funds.

7/24/2009

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Christopher R. Kaup, Esq.
Shareholder

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