

PATENT ASSIGNMENT

Electronic Version v1.1  
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Ensconce Data Technology, Inc.	07/30/2009
RECEIVING PARTY DATA	
Name:	SAGE Advisors, Inc.
Street Address:	One Van de Graaff Drive
Internal Address:	Suite 404
City:	Burlington
State/Country:	MASSACHUSETTS
Postal Code:	01801
PROPERTY NUMBERS Total: 6	
Property Type	Number
Application Number:	11583150
Patent Number:	7099110
Patent Number:	7365044
Application Number:	11510600
Application Number:	60455501
Application Number:	60728320
CORRESPONDENCE DATA	
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PATENT  
REEL: 023056 FRAME: 0727

ATTORNEY DOCKET NUMBER:	26173-00003
NAME OF SUBMITTER:	Scott E. Kamholz
<p><b>Total Attachments: 9</b></p> <p>source=Ensconce Data SAGE Security Agreement (Executed)#page1.tif source=Ensconce Data SAGE Security Agreement (Executed)#page2.tif source=Ensconce Data SAGE Security Agreement (Executed)#page3.tif source=Ensconce Data SAGE Security Agreement (Executed)#page4.tif source=Ensconce Data SAGE Security Agreement (Executed)#page5.tif source=Ensconce Data SAGE Security Agreement (Executed)#page6.tif source=Ensconce Data SAGE Security Agreement (Executed)#page7.tif source=Ensconce Data SAGE Security Agreement (Executed)#page8.tif source=Ensconce Data SAGE Security Agreement (Executed)#page9.tif</p>	

**ENSCONCE DATA TECHNOLOGY, INC.**

**SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** is entered into as of July 30, 2009, by and between Ensconce Data Technology, Inc., a New Hampshire corporation (the "Company"), and SAGE Advisors, LLC, a Massachusetts limited liability company (the "Secured Party").

**WHEREAS**, the Company is indebted to the Secured Party (1) for advances evidenced by a Secured Promissory Note dated May 29, 2008 in the principal amount of \$172,500 plus interest, (2) for prior or future advances under a Promissory Note dated the date hereof, in the maximum principal amount of \$237,500, and (3) for other advances made prior to the date hereof, plus interest thereon and costs and expenses related thereto ("the Obligations"); and

**WHEREAS**, the Company wishes to grant a security interest in favor of the Secured Party as herein provided;

**NOW, THEREFORE**, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions.** All terms defined in the Uniform Commercial Code as enacted in New Hampshire (the "NH UCC") and used herein shall have the same definitions herein as specified therein; provided, however, that the term "instrument" shall be defined as such term is defined in Article 9 of the NH UCC rather than Article 3.

2. **Grant of Security Interest.**

2.1. **Collateral Granted.** The Company hereby grants to the Secured Party, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Secured Party the following properties, assets and rights of the Company, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"):

All personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), 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 payment intangibles and software), supporting obligations, all tax refund claims, license fees, patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, rights to sue and recover for past infringement of patents, trademarks and copyrights, engineering drawings, service marks, customer lists,

goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Company possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Company, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics.

**2.2. Excluded Collateral.** Notwithstanding the foregoing provisions of this Section 2, such grant of security interest shall not extend to, and the term "Collateral" shall not include, any chattel paper and general intangibles which are now or hereafter held by the Company as licensee, lessee or otherwise, to the extent that (a) such chattel paper and general intangibles are not assignable or capable of being encumbered as a matter of law or under the terms of the license, lease or other agreement applicable thereto (but solely to the extent that any such restriction shall be enforceable under applicable law), without the consent of the licensor or lessor thereof or other applicable party thereto and (b) such consent has not been obtained; provided, however, that the foregoing grant of security interest shall extend to, and the term "Collateral" shall include, (i) any and all proceeds of such chattel paper and general intangibles to the extent that the assignment or encumbering of such proceeds is not so restricted and (ii) if the consent of any such licensor, lessor or other applicable party with respect to any such otherwise excluded chattel paper or general intangibles shall hereafter be obtained, thereafter such chattel paper or general intangibles as well as any and all proceeds thereof that might theretofore have been excluded from such grant of a security interest and the term "Collateral".

**2.3. Patents, etc.** Attached hereto as Exhibit A is a list of all U.S. and foreign patents, copyrights, trademarks and service marks and applications therefor (including serial numbers, application numbers or other identifying data and dates of issuance, registration or filing) that the Company owns, whether by assignment or otherwise. The Company hereby represents and warrants that said list is complete and accurate.

**3. Title to Collateral, etc.** The Company is the owner of the Collateral. None of the Collateral constitutes, or is the proceeds of, "farm products" as defined in §9-102(a)(34) of the NH UCC. None of the account debtors in respect of any accounts, chattel paper or general intangibles and none of the obligors in respect of any instruments included in the Collateral is a governmental authority subject to the Federal Assignment of Claims Act.

**4. Continuous Perfection.** The Company's principal office is located at 100 Market Street, No. 400, Portsmouth, NH 03801. The Company was incorporated under the laws of New Hampshire. The Company will not change such address or state of incorporation, or the name, identity or corporate structure of the Company in any manner, without providing at least thirty (30) days prior written notice to the Secured Party.

**5. No Transfers.** The Company will not sell or offer to sell or otherwise transfer the Collateral or any interest therein except for (a) sales of inventory and grant of licenses of

software and other general intangibles in the ordinary course of business and (b) sales or other dispositions of obsolescent items of equipment.

**6. Maintenance of Collateral; Compliance with Law.**

The Company will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. The Secured Party, or its designee, may inspect the Collateral at any reasonable time, wherever located. The Company will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement. The Company has at all times operated, and the Company will continue to operate, its business in compliance in all material respects with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

**7. Collateral Protection Expenses; Preservation of Collateral.**

**7.1. Expenses Incurred by Secured Party.** In its discretion, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto and pay any necessary filing fees. The Company agrees to reimburse the Secured Party on demand for any and all expenditures so made. The Secured Party shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.

**7.2. Secured Party's Obligations and Duties.** Anything herein to the contrary notwithstanding, the Company shall remain liable under each contract or agreement comprised in the Collateral to be observed or performed by the Company thereunder. The Secured Party shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Company under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party may be entitled at any time or times. The Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under §9-207 of the NH UCC or otherwise, shall be to deal with such Collateral in the same manner as the Secured Party deals with similar property for its own account.

**8. Notification to Account Debtors and Other Obligor.** If the Company shall fail to make any payment when due under the Notes upon demand (a "Payment Default"), the Company shall, at the request of the Secured Party, notify account debtors on accounts, chattel paper and general intangibles of the Company and obligors on instruments for which the

Company is an obligee of the security interest of the Secured Party in any account, chattel paper, general intangible or instrument and that payment thereof is to be made directly to the Secured Party or to any financial institution designated by the Secured Party as the Secured Party's agent therefor, and the Secured Party may itself, without notice to or demand upon the Company, so notify account debtors and obligors. After the making of such a request or the giving of any such notification, the Company shall hold any proceeds of collection of accounts, chattel paper, general intangibles and instruments received by the Company as trustee for the Secured Party without commingling the same with other funds of the Company and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. The Secured Party shall apply the proceeds of collection of accounts, chattel paper, general intangibles and instruments received by the Secured Party to the Obligations, such proceeds to be immediately entered after final payment in cash or solvent credits of the items giving rise to them.

9. **Further Assurances.** The Company, at its own expense, shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Secured Party may require more completely to vest in and assure to the Secured Party its rights hereunder or in any of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and continuation statements under the Uniform Commercial Code, (b) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other applicable party referred to in Section 2.3, (c) obtaining waivers from mortgagees and landlords and (d) taking all actions required by Sections 8-106 and 9-106 of the Uniform Commercial Code, as applicable in each relevant jurisdiction, with respect to certificated and uncertificated securities.

10. **Power of Attorney.**

10.1. **Appointment and Powers of Secured Party.** The Company hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Company or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:

(a) In the event of a Payment Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the NH UCC and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do at the Company's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do, including, without limitation, (i) the filing and prosecuting of

registration and transfer applications with the appropriate federal or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Company, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Secured Party so elect, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to file such financing statements with respect hereto, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate.

**10.2. Ratification by Company.** To the extent permitted by law, the Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

**10.3. No Duty on Secured Party.** The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon them to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

**11. Remedies.** In the event of a Payment Default, the Secured Party may, without notice to or demand upon the Company, declare this Agreement to be in default, and the Secured Party shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code, including, without limitation, the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Company can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Secured Party may in its discretion require the Company to assemble all or any part of the Collateral at such location or locations within the state(s) of the Company's principal office(s) or at such other locations as the Secured Party may designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Company at least five business days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Company hereby acknowledges that five business days prior written notice of such sale or sales shall be reasonable notice. In addition, the Company waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights hereunder, including, without limitation, its right following a Payment Default to take immediate possession of the Collateral and to exercise its rights with respect thereto. To the extent that any of the Obligations are to be paid or performed by a person other than the Company, the Company waives and agrees not to assert

any rights or privileges which it may have under §9-112 of the NH UCC. Notwithstanding anything herein to the contrary, this Section 11 shall be subject to the terms and conditions of the Notes.

12. **No Waiver, etc.** The Company waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Company assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior Party, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 7.2. The Secured Party shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deem expedient.

13. **Marshalling.** The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws.

14. **Proceeds of Dispositions; Expenses.** The Company shall pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Secured Party may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of



the Obligations and after making any payments required by Sections 9-608(a)(1)(c) and 9-615(a)(3) of the NH UCC, any excess shall be returned to the Company.

15. **Overdue Amounts.** Until paid, all amounts due and payable by the Company hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Notes.

16. **Governing Law.** This agreement shall be governed by, and construed in accordance with, the laws of New Hampshire, without application of its laws regarding conflict or choice of law.

17. **Miscellaneous.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Company and its respective successors and assigns, and shall inure to the benefit of the Secured Party and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Company acknowledges receipt of a copy of this Agreement.

18. **Waiver of Jury Trial.**

THE COMPANY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Company waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Company (a) certifies that neither the Secured Party nor any representative, agent or attorney of the Secured Party has represented, expressly or otherwise, that the Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers and (b) acknowledges that, in making loans to the Company, the Secured Party is relying upon, among other things, the waivers and certifications contained in this Section 18.

IN WITNESS WHEREOF, intending to be legally bound, the Company has caused this Agreement to be duly executed as of the date first above written.

ENSCONCE DATA TECHNOLOGY, INC.

By: Philip Bracco, President & CEO  
Philip Bracco, President

SAGE ADVISORS, LLC

By: John A. Geishecker  
John A. Geishecker, a Manager

ENSCONCE DATA TECHNOLOGY, INC.

SECURITY AGREEMENT

EXHIBIT A

(Patents, etc.)

Patents		
Patent/ Application Number	Description	Notes/Status

11,583,150	Digital Shredder /Hard Drive Eraser Patent	Original application contained 52 claims (48 of which are currently pending). Filed in China, Europe, Israel, Canada, Russia, Singapore and Japan
7,039,110 B2	Dead on Demand Disk Technology Patent (Enhanced Hard Drive)	Issued on 8/29/06. EDT filed a continuation patent application to expand the patent claims to include a wider variety of data storage devices and technologies. The continuation patent is currently pending.
7,365,044 B2	Chemical for Data Destruction Patent	Issued on 4/29/08

Trademarks		
Registration/ Application Number	Description	Notes/Status

3,384,923	Miscellaneous DD Design Trademark (Dead on Demand Symbol)	Issued on 5/12/08
78,516,950	Dead on Demand Trademark (Dead on Demand Phrase as it relates to the Enhanced Hard Drive and the Digital Shredder)	Filed 6-month extension on 1/26/09
3,407,521	Digital Shredder Trademark	Issued on 5/12/08