

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
VKGS LLC	09/01/2009
RECEIVING PARTY DATA	
Name:	Great Western Bank
Street Address:	14545 West Center Road
City:	Omaha
State/Country:	NEBRASKA
Postal Code:	68144
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	7562875
CORRESPONDENCE DATA	
Fax Number:	(402)344-0588
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	402-344-0500
Email:	gderrick@bairdholm.com
Correspondent Name:	Grayson J. Derrick
Address Line 1:	1500 Woodmen Tower, 1700 Farnam Street
Address Line 4:	Omaha, NEBRASKA 68102
NAME OF SUBMITTER:	Grayson J. Derrick
Total Attachments: 7 source=1S-PDFgwbagmt#page1.tif source=1S-PDFgwbagmt#page2.tif source=1S-PDFgwbagmt#page3.tif source=1S-PDFgwbagmt#page4.tif source=1S-PDFgwbagmt#page5.tif source=1S-PDFgwbagmt#page6.tif source=1S-PDFgwbagmt#page7.tif	

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SECURITY AGREEMENT

This SECURITY AGREEMENT (this "Agreement"), is dated and made effective as of September 1, 2009 between VKGS LLC, a Delaware limited liability company (the "Debtor") to and in favor of GREAT WESTERN BANK (the "Bank").

Capitalized terms used in this Agreement without definition have the meanings given them in that certain Revolving Credit and Term Loan Agreement dated as of the date of this Agreement, by and between the Debtor, Video King Gaming & Entertainment, Inc., a Delaware corporation (collectively, the "Borrowers") and the Bank (as amended, supplemented, or modified from time to time, the "Credit Agreement").

ARTICLE 1 THE SECURITY

The Debtor hereby assigns and grants to the Bank, a security interest in all of the following described property now owned or hereafter acquired by the Debtor (collectively, the "Collateral"):

- (a) Accounts, contract rights, documents, documents of title, payment intangibles, investment property, chattel paper, instruments and deposit accounts.
- (b) Inventory.
- (c) Equipment.
- (d) General Intangibles (including any intellectual property, consisting of any licenses, patents, copyrights, trademarks, proprietary source code or domain names, of the Debtor as set forth on Schedule A attached hereto and incorporated herein or as otherwise may now or hereafter exist).
- (e) Accessions, attachments and other additions to the Collateral.
- (f) Substitutes or replacements for any Collateral, all proceeds, products, rents and profits of any Collateral, all rights under warranties and insurance contracts covering the Collateral, and any causes of action relating to the Collateral.
- (g) Books and records pertaining to any Collateral, including but not limited to any computer-readable memory and any computer hardware or software necessary to process such memory ("Books and Records").

ARTICLE 2 THE SECURED OBLIGATIONS

The Debtor makes the assignment and grants the security interest to secure the following obligations (collectively, the "Secured Obligations") in any order of priority that the Bank may choose:

- (a) payment and performance of all Obligations (as defined in the Credit Agreement);
- (b) payment and performance of all obligations of the Debtor arising under this Agreement;

(c) payment and performance of all future advances and other obligations of any of the Borrowers to the Bank, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by the Bank by assignment or otherwise; and

(d) payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the matters described in this Article 2.

ARTICLE 3 DEBTOR'S COVENANTS

The Debtor represents, covenants and warrants that, unless compliance is waived by the Bank in writing:

(a) The Debtor will properly preserve, maintain and care for the Collateral in good working order and condition, ordinary wear and tear excepted; defend the Collateral against any adverse claims and demands that could reasonably be expected to have a Material Adverse Effect; protect, diligently collect all accounts consistent with current business practices; and keep complete, current, and accurate Books and Records with respect to the Collateral and any proceeds or collections.

(b) The Debtor will notify the Bank in writing prior to any change in the location(s) of (i) the Debtor's place of business or the Debtor's chief executive office if the Debtor has more than one place of business, (ii) the Debtor's state of organization, (iii) the Debtor's Books and Records concerning any Collateral. The Debtor will notify the Bank in writing prior to any change in the Debtor's name, identity or business structure.

(c) Except for the liens expressly permitted under the terms of the Credit Agreement (the "Permitted Liens"), the Debtor has not granted and will not grant any lien on any of the Collateral except to the Bank, and will keep the Collateral free of all liens except the lien of the Bank and Permitted Liens.

(d) The Debtor will promptly notify the Bank in writing of any event which (i) materially adversely affects the value of the Collateral, and (ii) affects the ability of the Debtor or the Bank to dispose of the Collateral, or the rights and remedies of the Bank in relation thereto, including, but not limited to, the levy of any legal process against any Collateral and the adoption of any marketing order, arrangement or procedure materially adversely affecting the Collateral, whether governmental or otherwise.

(e) The Debtor will comply with all laws and regulations, whether federal or state, relating to any subsidy, entitlement, price support or similar program to which the Debtor may be entitled. The Debtor will execute such additional documents as may be reasonably requested by the Bank in connection with the Bank's security interest in such rights, including but not limited to government assignment forms.

(f) The Debtor shall pay all costs necessary to preserve, defend, enforce and collect the Collateral, including but not limited to taxes, assessments, insurance premiums, repairs, rent, storage costs and expenses of sales, and any costs to perfect the Bank's security interest. Without waiving the Debtor's default for failure to make any such payment, the Bank at its option may pay any such costs and expenses, discharge encumbrances on the Collateral, and pay for insurance of the Collateral, and such payments shall be a part of the Secured Obligations and bear interest at the rate set out in the Secured Obligations. The Debtor agrees to reimburse the Bank on demand for any costs so incurred.

(g) Until the Bank exercises its rights to make collection, the Debtor will diligently collect all Collateral consistent with current business practices.

(h) If any Collateral is or becomes the subject of any registration certificate, certificate of deposit or negotiable document of title, including any warehouse receipt or bill of lading, the Debtor shall deliver such document to the Bank, together with any necessary endorsements, within ten (10) Banking Days of any request by the Bank for such document.

(i) The Debtor will not sell, lease, agree to sell or lease, or otherwise dispose of any Collateral except in accordance with Section 5.02(d) of the Credit Agreement.

ARTICLE 4 ADDITIONAL OPTIONAL REQUIREMENTS

The Debtor agrees that the Bank may at its option at any time, whether or not an Event of Default exists:

(a) Require the Debtor to deliver to the Bank (i) copies of or extracts from the Books and Records, (ii) records and schedules which show the status and condition of the Collateral and where it is located, and (iii) information on any contracts or other matters affecting the Collateral.

(b) Require the Debtor to deliver to the Bank any instruments or chattel paper.

The Debtor agrees that the Bank may at its option at any time, while an Event of Default exists:

(a) Notify any account debtor, any buyers of the Collateral, or any other persons of the Bank's interest in the Collateral.

(b) Require the Debtor to notify any account debtor to forward all payments and proceeds of the Collateral to the Bank.

ARTICLE 5 DEFAULTS

Any one or more of the following shall be a default hereunder:

(a) An Event of Default under the Credit Agreement or any other Loan Document.

(b) The Debtor breaches any term, provision, warranty or representation under this Agreement.

ARTICLE 6 THE BANK'S REMEDIES AFTER DEFAULT

If an Event of Default exists, the Bank may do any one or more of the following:

(a) Pursue any or all of the Bank's remedies as set forth in this Agreement or the Credit Agreement.

(b) Enforce the security interest given hereunder pursuant to the Uniform Commercial Code, as adopted and enacted by the State of Nebraska (the "Uniform Commercial Code") and any other existing and future laws, orders, ordinances, rules and regulations by any nation or

government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, with authority over the Debtor, and its respective properties, as applicable, including all laws relating to or imposing liability or standards of conduct concerning protection of health or the environment (the "Applicable Law").

(c) Enforce the security interest of the Bank in any deposit account of the Debtor maintained with the Bank by applying such account to the Secured Obligations.

(d) Require the Debtor to obtain the Bank's prior written consent to any sale, lease, agreement to sell or lease, or other disposition of any Collateral, other than in the ordinary course of business.

(e) Require the Debtor to segregate all collections and proceeds of the Collateral so that they are capable of identification and deliver daily such collections and proceeds to the Bank in kind.

(f) Require the Debtor to assemble the Collateral, including the Books and Records, and make them available to the Bank at a place designated by the Bank.

(g) Enter upon the property where any Collateral, including any Books and Records, are located and take possession of such Collateral and such Books and Records, and use such property (including any buildings and facilities that are located on real property pledged pursuant to the deeds of trust granted by Debtor to secure the Secured Obligations) and any of the Debtor's equipment, if the Bank deems such use necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.

(h) Demand and collect any payments on and proceeds of the Collateral. In connection therewith the Debtor irrevocably authorizes the Bank to endorse or sign the Debtor's name on all checks, drafts, collections, receipts and other documents, and to take possession of and open the mail addressed to the Debtor and remove therefrom any payments and proceeds of the Collateral.

(i) Grant extensions and compromise or settle claims with respect to the Collateral for less than face value, upon reasonable prior notice to the Debtor as may be required under the Uniform Commercial Code.

(j) Have a receiver appointed by any court of competent jurisdiction to take possession of the Collateral.

(k) Take such measures as the Bank may deem necessary or advisable to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.

(l) Without notice or demand to the Debtor, set off and apply against any and all of the Secured Obligations any and all deposits (general or special, time or demand, provisional or final) and any other Secured Obligations, at any time held or owing by the Bank or any of the Bank's agents or affiliates to or for the credit of the account of the Debtor or any guarantor or endorser of the Secured Obligations.

**ARTICLE 7
MISCELLANEOUS**

(a) All notices and other communications provided for hereunder shall be given in accordance with the requirements of the Credit Agreement, to the address, facsimile number or (subject to the Credit Agreement), electronic mail address specified below, or to such other address as shall be designated by such party in a notice to the other parties.

If to the Debtor:

VKGS LLC
2717 N. 118th Circle, Suite 210
Omaha, NE 68164
Telephone: (402) 951-2970
Facsimile: (402) 951-2990

If to the Bank:

GREAT WESTERN BANK
Attn: Larry Guenther
14545 West Center Road
Omaha, NE 68144
Telephone: (402) 557-4148
Facsimile: (402) 334-5445

(b) Any waiver, express or implied, of any provision hereunder and any delay or failure by the Bank to enforce any provision shall not preclude the Bank from enforcing any such provision thereafter.

(c) The Debtor shall, at the request of the Bank, execute such other agreements, documents, or instruments in connection with this Agreement as the Bank may reasonably deem necessary. The Debtor hereby authorizes the Bank to file one or more financing statements and such other documents as the Bank may from time to time require to perfect or continue the perfection of the Bank's security interest in any of the Collateral. The Debtor shall pay all fees and costs that the Bank may incur in preparing and filing such documents in public offices and in obtaining such record searches as the Bank may reasonably require.

(d) This Agreement shall be governed by and construed according to the laws of the State of Nebraska, without giving effect to conflicts of law principles.

(e) All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by the Applicable Law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(f) All terms not defined herein or in the Credit Agreement are used as set forth in the Uniform Commercial Code.

(g) In the event of any action by the Bank to enforce this Agreement or to protect the security interest of the Bank in the Collateral, or to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, the Debtor agrees to pay immediately the costs and expenses thereof, together with reasonable attorney's fees and allocated costs for in-house legal services.

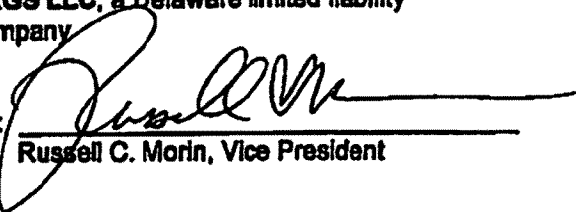
(h) This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Agreement, and if all transactions between the Bank and the Debtor shall be closed at any time, shall be equally applicable to any new transactions thereafter.

(i) The Bank's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by the Bank of any of the Secured Obligations or the Collateral, the Bank thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but the Bank shall retain all rights and powers hereby given with respect to any of the Secured Obligations or the Collateral not so assigned or transferred. All representations, warranties and agreements of the Debtor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of the Debtor.

IN WITNESS WHEREOF, the Debtor has executed this Agreement as of the date first above written.

DEBTOR:

VKGS LLC, a Delaware limited liability company

By: 

Russell C. Morin, Vice President

SCHEDULE A
List of Intellectual Property Assets.

A. Trademarks

	<u>Mark</u>	<u>Serial No.</u>	<u>Registration No.</u>	<u>Registration Date</u>
1.	SUPER CHAMP	78/413913	3,149,545	09/26/2006
2.	POWERMUTUAL	78/413909	3,166,042	10/31/2006
3.	HURRICANE BINGO	78/413895	3,172,099	11/14/2006
4.	BUCCANEER BONANZA	78/413805	3,172,100	11/14/2006
5.	HORSE RACING POWER	78/476929	3,209,612	02/13/2007

B. Copyrights

	<u>Title</u>	<u>Registration No.</u>	<u>Year</u>
1.	Verifier source code, 2108-106 C	TXu 405-657	1990
2.	Verifier source code, version 3.0	TXu 445-078	1990
3.	Payout source code, version 43-2111, revision A	TXu 434-788	1990
4.	8000 source code, version 43-2104, revision E	TXu 441-793	1990
5.	8000 source code, version 43-2104, revision F	TXu 442-109	1990
6.	7500 source code, version A1, P/N 43-7500	TXu 458-934	1991
7.	9000 source code, version A2, P/N 43-9000	TXu 498-794	1991
8.	Verifier source code, version 6.0	TXu 505-270	1992
9.	BK entertainment compilation 2000	SR 283-830 (not verified)	2000

C. Patents

	<u>Name</u>	<u>Application No.</u>	<u>Patent No.</u>	<u>Issue Date</u>
1.	Gaming systems and methods	11/241,246	7,562,875	July 21, 2009