

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	LIEN
CONVEYING PARTY DATA	
Name	Execution Date
Grail Semicondductor	11/17/2009
RECEIVING PARTY DATA	
Name:	Mr. Khosrow Benyamin
Street Address:	305 S Maple Dr.
City:	Beverly Hills
State/Country:	CALIFORNIA
Postal Code:	90212
PROPERTY NUMBERS Total: 4	
Property Type	Number
Patent Number:	6642552
Application Number:	10413792
Application Number:	10694661
Application Number:	09776003
CORRESPONDENCE DATA	
Fax Number:	2063383613
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	3104356161
Email:	kbenyamin1@yahoo.com
Correspondent Name:	Khosrow Benyamin
Address Line 1:	305 S Maple Dr.
Address Line 4:	Beverly Hills, CALIFORNIA 90212
NAME OF SUBMITTER:	Khosrow Benyamin
	This document serves as an Oath/Declaration (37 CFR 1.63).
Total Attachments: 20	

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SECURITY AGREEMENT

Date: November 16, 2009

Grail Semiconductor, Inc. a/k/a Grail Semiconductor ("Grail") (hereinafter called "Debtor"), hereby enters into an agreement with Khosrow Benyamin and Frank A. Saez (hereinafter called "Secured Party").

The parties agree as follows:

1. **Debtor's Obligation and Creation of Security Interest.** Debtor grants to secured party a security interest in the collateral described in paragraph 2 in order to secure payment of the following obligation: a loan made to debtor in the value of \$348,000.00. This obligation is evidenced by Promissory Note of even date (the "Note").
2. **Collateral.** The collateral is first position priority lien in Grail its successor, assigns or designees' portion of all proceeds derived from the Trade Secrets and related patent cases currently styled *Grail vs. Mitsubishi et al.* Case No. 1-07-CV-098590 (the "case"), and a UCC-1 or related lien as provided for by the USPTO on Grail's patents including the '552 patent (the "Patents"). Upon default, the Collateral shall not exceed \$1 million and shall be satisfied first by enforcing the Obligation against the Case valued at 10% of all Grail's proceeds derived from the Case, then if not fully satisfy, against the Patents. Grail waives all defenses based on the "One-Action Rule and related defenses including usury. Note is not deemed in "Default" unless full payment is not made by Maker or its assignees on or before November 16, 2012.
3. **Debtor's Covenants.** Debtor shall:
 - a. keep and maintain the collateral in good condition and repair and not misuse or abuse it, waste or allow it to deteriorate except for ordinary wear and tear in its normal use in business;
 - b. insure the collateral (until this security agreement is terminated) against fire and all other expected risks to which it is exposed and those which the secured party may designate, with policies and amounts acceptable to the secured party and payable to both debtor and the secured party, as their interests appear, and with duplicate policies deposited with the secured party;
 - c. keep the collateral at debtor's address as stated above where the secured party may inspect it at any time, and not remove it unless debtor notifies the secured party in writing and the secured party consents in writing in advance of its removal to other locations;
 - d. debtor shall notify the secured party in writing of the acquisition of any after-acquired property included in the collateral promptly after acquisition;

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- e. debtor may not sell, transfer, exchange or otherwise dispose of the collateral or permit it to be subjected to any unpaid charge or any subsequent interest of a third person unless the secured party consents in advance in writing to the charge, transfer, disposition, or subsequent interest;
 - f. debtor shall execute alone or with the secured party any document or procure any document, and pay all connected costs, necessary to protect the security interest against the rights or interests of third persons;
 - g. debtor shall immediately and without demand reimburse the secured party for all sums expended by the secured party in connection with any action to remedy a default which the secured party elects, including reasonable attorneys' fees;
 - h. debtor shall not affix any of the collateral to real estate so as to make the collateral fixtures.
4. **Default.** Misrepresentation or misstatement in connection with, noncompliance with or nonperformance of debtor's covenants constitutes default under this security agreement. In addition, debtor is in default if bankruptcy or insolvency proceedings are instituted by or against debtor or if debtor makes an assignment for the benefit of creditors.
5. **Secured Party's Rights and Remedies.** Upon debtor's default, the secured party may exercise the rights of a secured party under the Uniform Commercial Code, and in addition to those rights may
- a. without notice to or to demand upon debtor, make such payments and do such acts as the secured party considers necessary to protect its security interest in collateral;
 - b. take possession of the collateral, or any part of it and pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of the secured party appears to be prior or superior to this security interest, and in exercising these powers or authority pay all expenses incurred in connection with them;
 - c. without notice to or demand upon debtor, declare all obligations and agreements secured by this agreement to be immediately due and payable, and enter upon the premises where the collateral may be and take possession of it and remove it;
 - d. sell the collateral and apply the proceeds in the manner provided by the Uniform Commercial Code. Secured party is also entitled to reasonable attorneys' fees and legal expenses incurred in retaking and selling the collateral.
6. **Additional Agreements, Warranties and Affirmations.** Debtor agrees, warrants and affirms that:
- a. There is no adverse claim or lien, security interest, or encumbrance in or on the collateral except for the security interest granted in this agreement.

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- h. Debtor is in possession of the property described in Exhibit A and has full right, power and authority to create the security interest granted by this agreement.

Executed at _____, California, on the day and year first above written.

A handwritten signature in cursive script, appearing to read "Robert Stern", followed by the initials "RBS" in a more formal, blocky script.

Robert Stern for and on behalf of debtor Grail Semiconductor Debtor
Grail Semiconductor

ORIGINAL

DO NOT DESTROY THIS NOTE. WHEN PAID, THIS NOTE, WITH
THE CERTIFICATE OF SHARES SECURING SAME, MUST BE
SURRENDERED FOR CANCELLATION

PROMISSORY NOTE SECURED BY LITIGATION PROCEEDS AND PATENTS

\$348,000

November 17, 2009

For value Received, the undersigned Grail SEMICONDUCTOR a/k/a Grail SEMICONDUCTOR, Inc. hereinafter referred to as "Maker" or "Grail" promises to pay to the order of Khosrow Benyamin and Frank A. Saez, hereinafter collectively referred to as "Holder", at 6310 San Vicente Boulevard, Suite 360, Los Angeles, Ca 90048, the principal sum of \$348,000.00, with interest at the rate of 12% percent per year or the highest amount allowed by law on the unpaid balance of that principal sum until fully paid. The undersigned further promises to pay that principal sum until fully paid. The undersigned further promises to pay that principal sum and interest as follows: principal sum and interest to be fully paid to Holder no later than November 16, 2012 (the "Term") by which date the entire balance of unpaid principal and interest will be due and payable. In the event that Maker fails to make timely payments as herein stated then Holder may proceed to enforce this Note in accordance with the attached November 17, 2009 Security Agreement for the value of \$1 million against the proceeds of the Grail's patents and lawsuits as more fully described in the attached Security Agreement.

ALLOCATION OF PAYMENTS

2. Each installment, when paid, will be credited first to the interest then due, and the remainder will be credited to principal. Interest will cease to accrue on the principal so credited.

TERM

3. The term of the Note shall be for three (3) years commencing with the even date herewith (the "Term"). No payment of principal or interest shall be owing or due during the Term. However Maker, at Maker's sole discretion, may prepay any outstanding principal or interest.

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COLLECTION COSTS

4. Maker agrees to pay the expenses incurred in any attempt to collect the amount due pursuant to this notice.

ATTORNEY'S FEES

5. Maker agrees that if any legal action is necessary to enforce this note, the prevailing party will be entitled to reasonable attorney's fees in addition to any other relief to which that party may be entitled. This provision is applicable to the entire note.

WAIVER OF TRIAL BY JURY

6. The maker waives all right to trial by jury in any action in connection with this note.

JURISDICTION AND LAW

7. This Note shall be governed by the laws of the State of California and any action thereon shall be brought in Los Angeles County, State of California.

WAIVER

8. The maker and endorsers severally waive presentment, protest and demand, notice of protest, demand, dishonor and non-payment of this note, and expressly agree that this Note, or any payment hereunder may be extended from time to time without in any way affecting the liability of the Maker and endorsers hereof. Holder shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by Holder and, then, only to the extent specifically set forth in writing.

AMENDMENTS

9. Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed or terminated orally; nor shall any waiver of any portion hereof be effective except by an instrument in writing signed by Maker and Holder. No delay or omission on the part of Holder in exercising any rights hereunder shall operate as a waiver of such right under this Note.

SECURITY

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ORIGINAL

COLLECTION COSTS

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SECURITY

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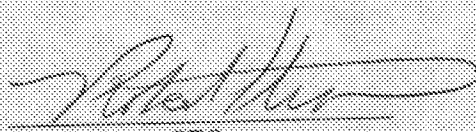
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ORIGINAL

10. The collateral is a first position priority lien in Grail's, its successor's, assigns' or designees' portion of all proceeds derived from the Trade Secrets and related patent cases currently styled *Grail vs. Mitsubishi et al.* Case No. 1-07-CV-098590 (the "case"), and a UCC-1 or related lien as provided for by the USPTO on any and all of Grail's patents including the '552 patent (the "Patents"). Upon default, the Collateral shall not exceed \$1 million and may be satisfied first by enforcing the Obligation against the Case valued at 10% of all Grail's proceeds derived from the Case, then if not fully satisfy, against the Patents. Grail waives all defenses based on the "One-Action Rule" and related defenses including usury as more fully described in the Security Agreement.

IN WITNESS WHEREOF, Maker has executed this Note as of the date first above written.

MAKER

 A handwritten signature in dark ink, appearing to read "Robert Stern", is written over a horizontal line.

Robert Stern, CEO

For and on behalf of Grail Semiconductor

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ORIGINAL

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MAKER

 A handwritten signature in dark ink, appearing to read "Robert Stern", followed by the initials "RBS" in a lighter, possibly blue or grey, ink.

Robert Stern, CEO

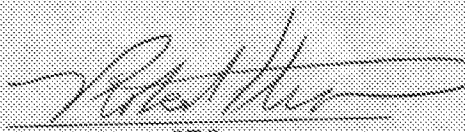
For and on behalf of Grail Semiconductor

ORIGINAL

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MAKER

 A handwritten signature in dark ink, appearing to read "Robert Stern", is written over a horizontal line. To the right of the signature, the letters "RBS" are handwritten.

Robert Stern, CEO
For and on behalf of Grail Semiconductor

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GRAIL SEMICONDUCTOR
PROMISSORY NOTE
AND
SECURITY AGREEMENT

785

**MEMORANDUM OF UNDERSTANDING AND
BULK SALE AGREEMENT**

ORIGINAL

This Agreement is first between **Grail Semiconductor** and **Federal Capital Group, S.A.** (a Private company) and assignees:

VENDOR:

GRAIL SEMICONDUCTOR, a California Corporation, hereinafter referred to as the ("Company").

Donald Stern, as the ("Inventor") acting in its capacity as an individual for all representations of technology and management;

Robert Stern, an individual acting in its capacity as an individual for all representations of technology and management;

INVESTORS:

Khosrow Benyamin Irrevocable Living Trust hereinafter referred to as ("Investor #1").

CUBAKU Irrevocable Living Trust (Panama) hereinafter referred to as ("Investor #2").

JAVIER HERNANDEZ ALEMAN, signatory for **Federal Capital Group, S.A.**, hereinafter referred to as ("Investor #3")

Collectively hereinafter referred to as the ("Investors")

WEHEREAS, subject to the Company's shareholder approval and entry of the Order on Stipulation to vacate the October 1, 2004 Default Judgment in case no. BC 309654 and related case (the "Stipulation") the Company wishes to liquidate all of its liabilities and has agreed to sale of its technologies, litigation rights and all other assets in the amount of \$24,000,000 and shall accept in consideration cash funds and/or any public registered stock for said value, as the ("Bulk Assets").

WEHEREAS, the **Investors** wishes to purchase said **Bulk Assets**, from the **Company** pursuant to the Bulk Sales Act and in consideration shall pay cash in the amount of \$328,000 by November 19, 2009 and the balance in cash funds and/or any public registered stock within a period of 120-days.

K.E

[Signature]

PS

[Signature]

[Signature]

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NOW THEREFORE for good and valuable consideration, subject to the Bulk Sales Act, the Parties hereto agree as follows:

Investor's Deliverables:

1. **Investor #1** and **Investor #2** shall deliver to Trustee a check in the amount of \$328,000 each for deposit equal to \$164,000 to disburse pursuant to this Agreement.
2. **Investor #3** shall deliver to Trustee a check in the amount of \$100,000.00 for deposit to disburse pursuant to this Agreement for a Grand Total of \$428,000.
3. **Investor #3** shall have diligence period as set by an expert panel that shall complete the evaluation of the **Bulk Assets** value for further funding within a period of 120-days. The Parties shall agree on a highly credible and industry recognized experts, as the ("**Expert Panel**") to evaluate the value, application and marketability of the patents & trade secrets, technology, and competency of the Inventor to take the technologies from concept to development of marketable products.
4. **Investor #3** shall make provisions to secure a public vehicle, as the ("**PUBCO**") and capitalize same with \$5,000,000 cash and issue preferred stock to the Vendor in consideration for the Bulk Assets.
5. In consideration of the **Bulk Asset** sale; **Investor** shall deliver to **Vendor** as settlement \$24,000,000.00 of preferred stock consisting of the same type, as provided to the **Investors** initially.

The Company's Deliverables:

1. The **Company** shall pass corporate resolution as to the sale of the **Bulk Assets** identified in all attached exhibits and settle with all of its stockholders, creditors, vendors and other parties the terms and conditions of the Bulk Asset sale. See attached Exhibits "A", "B" and "C".
2. Diligence Period:
 - a. A summary of the technology as applicable to the Patents, Trade Secrets, Products and all applicable interfaces with legacy, current and future technologies.
 - b. Establish an agenda and schedule for the **Expert Panel** discussions as to the technology and alike applications for integration, modeling, prototyping, etc.
 - c. A detail plan of the Technology Schedule for research & development with peers in the industry selected by the Parties.
 - d. Subject to expert discovery, if possible, identify a list of the products in the market place that are infringing on the patent and trade secrets as per the discovery documents provide by Mitsubishi and any third party vendor.
 - e. Indentify the flagship product to proof the technology concept, as per **Exhibit-"A"**.
3. Proof-of-Concept Period:
 - a. This period starts immediately post funding and shall be set by the Expert Panel.
 - b. A detail report and acceptance of the sub-contractor's progress report as to the development of the prototypes every (30) thirty days.
 - c. Inventor and Company shall jointly have responsibility for the identifying the competency and on-going performance of any subcontractor.

Grail Semiconductor, Inc. - Bulk Asset Purchase Agreement - Ver1.3 (4)

26 APR 2009

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- d. Inventor and Company have complete all modeling of the main technology and the flagship prototype product in accordance with the time prescribed by the Expert Panel.
- e. Inventor and Company shall jointly secure the prototype development period post the completion of the modeling.
- f. Inventor and Company shall complete all necessary drivers and communications interface within a period prescribed by the Expert Panel post the completion of the prototype.
- g. Deliver a complete, debugged and fully functional working prototype of the product(s) within a period prescribed by the Expert Panel.

4. General Terms and Conditions:

- a. The Parties shall maintain Jurisdiction in California for any legal claims.
- b. The sale of the **Bulk Assets** shall include all of the **Companies** assets, rights and benefits to the **Investors** for the Purchase Price of \$24,000,000.00 payable with preferred convertible stock, which shall be restricted for a 2-year period upon conversion and further restricted to a 20% maximum liquidation per year, as the ("Restricted Common").
- c. The **Inventor** and directors of the Company shall collaborate with the **Investor's** diligence efforts by the timely provision of documents require and their presence in all meetings scheduled. Any delays shall extend the **Investor's Diligence Period** to a reasonable rescheduled time for such diligence efforts.
- d. **Investor** shall have access to all documents, related to the Technology including without limitation all nonprivileged documents produced in discovery in the *Grail vs. Mitsubishi* case no. 1-07-CV-098590 (the "Mitsubishi Case").
- e. **Investor's** consideration is subject to the performance of the **Inventor** and the **Company**.
- f. The **Inventor** and Robert Stern waive any claims for any past monies by the **Company**.
- g. Funds for the execution of this Agreement subject to separate Security Agreement.

K.R. [Signature] 39 RBS

[Signature]

Contingencies:

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1. **Investor** shall have the right to provide \$5 million of funding for the development of the Technology subject to the evaluation of the Expert Panel. A portion of these funds may be used to pay the outstanding balance of legal fees and costs incurred by **Vendor** in the estimated amount of \$250,000 to the Law Firm Shartsis, Fries et al.
2. The Diligence Period can be extended for an additional term as may be needed by the Expert Panel in order to complete their findings.
3. The **Investors** shall have the right to assign any portion of their interest, benefits and duties to a party of their choosing.
4. The **Inventor** and Robert Stern shall enter into a consulting agreement for its services to perform the proof-of-concept of the technologies, further R&D and Product Development as per all exhibits herein, at the rate of \$15,000.00 per month for the Inventor and \$10,000 per month for Robert Stern plus approved expenses including travel and entertainment and additional benefits that are provided to **PUBCO** executives including without limitation health insurance for a period of (5) five years, as the ("Consulting Agreement"), which shall be effective post the **Expert Panel's** finding and **Investor's** commitment to fund the technologies. During the Due Diligence Period Inventor shall receive \$5000 per month plus approved expenses and Robert Stern shall receive \$5000 per month plus approved expenses. The terms and conditions of the consulting agreements shall be incorporated in a long form agreement to be executed by the parties.

MANAGEMENT OF PUBCO

In accordance with Federal and State corporate law, Company shall have a thirty day due diligence limited to clarifying the liabilities of the proposed public company and not to the restructuring of the public company, which shall be at the sole discretion of the Investors.

STANDARD TERMS AND CONDITIONS

The parties hereto agree to work in good faith to execute a long form agreement incorporating the foregoing terms and conditions no later than thirty (30) days from the date of execution of this Agreement.

A. Mediations/Arbitration – any dispute arising out of or under this Agreement shall be submitted to mediation first and then binding arbitration in Los Angeles County before ADR, ARC or JAMS. The prevailing party in any binding arbitration shall be entitled to reasonable attorney's fees and costs. Any award may be entered as a judgment in the Los Angeles Superior Court in accordance with the California Rules of Court and applicable Cal. Code of Civil Procedure.

B. Interpretation – this Agreement and Exhibits shall be governed by the laws of the State of California and discrepancy, difference and conflict between this Agreement and the Security agreement, this agreement shall govern and control except for those terms and provisions that are exclusive and unique for each respective agreement.

C. GOOD FAITH AND FAIR DEALING – the Parties hereby acknowledge that a covenant of good faith a fair dealing inheres in every agreement including this Agreement. The Parties hereto hereby agree deal in good faith to resolve or conflicts and disputes in this matter.

Grail Semiconductor, Inc. – Bulk Asset Purchase Agreement - Ver1.3 (4)

25-000-200

K.B. [Signature] RDS

[Signature]

ORIGINAL

D. PROMISSORY NOTE AND SECURITY AGREEMENT (11/17/09) – upon completion of the Bulk Asset Sale as referenced herein, the November 17, 2009 Promissory Note and Security Agreement the form of which is attached hereto as Exhibit "E" shall be null and void and Holder cannot make a any demand for payments there under. Holder shall return the ORIGINAL NOTE to Robert Stern.

Grail Semiconductor, Inc. – Bulk Asset Purchase Agreement - Ver1.3 (4)

25-Nov-2009

K. G.  JPB RBS



SIGNATORY PAGE

ORIGINAL

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on his or its behalf by its duly authorized officers on this ____ day of _____, 2009.

Vendor:



Robert Stern, Chief Executive Officer
O/B/O GRAIL SEMICONDUCTOR

RDS

Date:

11/17/09



Robert Stern, as an Individual

Date:

11/17/09



Donald Stern, as an individual and herein
Referred to as the Inventor

RDS

Date:

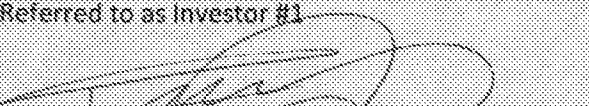
11/17/09

Investors:

 K.B.
KHOSROW BENYAMIN, Agent for
Khosrow Benyamin Irrevocable Living Trust, herein
Referred to as Investor #1

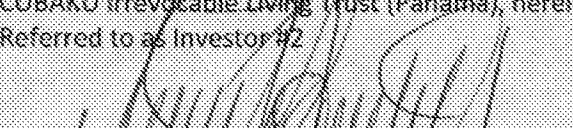
Date:

11/17/09

 F.S.
FRANCISCO A. SÁEZ FUENTES, Agent for
CUBAKU Irrevocable Living Trust (Panama), herein
Referred to as Investor #2

Date:

11/17/09

 J.A.
Javier Antonio Hernández Alemán, an individual,
O/B/O Federal Capital Group, S.A., as Investor #3

Date:

25-NOV-2009

RUBEN DARIO AGUDELO, AS
AUTHORIZED AGENT BY
CORPORATE APPOINTMENT

K.B.

F.S.

J.A.

RBS



BULK ASSETS - TECHNOLOGY
Exhibit-"A"

ORIGINAL

The **Company** is selling all rights and benefits to the **Investors** in the following technologies for consideration herein pursuant to the Bulk Asset Act.

The following technology herein consists of Patents, technical "Know How", "Trade Secrets" and other documentation and components which are described in the Company's Business Plan, Presentations, Documentation provided to Investors and/or of public and/or insider's knowledge and as otherwise herein described to include but not limited to:

1. Quantum Inductive Capacitor (QIC)
2. All other supporting integrated circuitry and software components

For the development of;

1. Non-Volatile Memory
2. Flash Drives
3. Solid State Drives
4. Other related components, products and applications.

BULK ASSETS - LITIGATION

ORIGINAL

Exhibit-"B"

The **Company** is selling all rights and benefits to the **Investors** in the following cases for consideration herein pursuant to the **Bulk Asset Act**:

<u>Litigation</u>	<u>Description</u>
Case # BC 309654	Getzel's vs. Grail Semiconductor State of California Los Angeles Superior Court
Case # 1-07-CV-098590	GRAIL SEMICONDUCTOR vs. MITSUBISHI ELECTRIC CORPORATION Superior Court of the State of California, County of Santa Clara

The **Investors** shall have the absolute rights and benefits of the Bulk Assets covering past, present and future time period.

REFILING OF PATENTS

ORIGINAL

Exhibit-"C"

The **Company** is selling all rights and benefits to the **Investors** in the following patents for consideration herein pursuant to the Bulk Asset Act and shall be responsible to collaborate in the refiling and/or reviving of the Patent(s) in a timely manner at Investor's cost estimated to be approximately \$20,000.00 within (10) ten days with funds provided by Investors. The Patent(s) consists of the following:

<u>Patent #</u>	<u>Description</u>
US6,642,552	Inductive Storage Capacitor
10/413,792	Inductive Storage Capacitor – GRA003-1DUS
10/694,661	Inductive Storage Capacitor – GRA003-2DUS
09/776,003	Additional Continuations of patents above

GRAIL SEMICONDUCTOR

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TIME LINES OF PERFORMANCE

Exhibit-"D"

1. The **Company** is to provide **Investors** with a list of **Experts** within (5) five business days.
2. **Investors** and the **Company** shall review the list of **Experts** until they have accepted a panel of **Experts**.
3. **Investors** shall make arrangements with the **Experts** to begin their evaluation process within (5) five business days permitting their respective schedules for evaluation of the **Technology** and commercial viability.
4. **Experts** are to provide a report of their findings within (30) thirty days of their schedule meetings (in their severalty) with the **Company** and Donald Stern.
5. The **Investors** objectives is to have the **Expert** panel provide their independent "Opinion Letter" in their severalty as to the uniqueness of the **Technology**, its potential marketability, feasibility in manufacturing, obsolescence timeline with existing technology in development and deployment stages and potential patent infringing products, so as to make credible representations to Public Offering **Investors**.
6. The **Investor** shall review the reports to base an opinion as to further finance the **Company's Technology** and/or the **Litigation** within (10) ten days.

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