

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

EPAS ID: PAT2839065

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
KWAN SOFTWARE ENGINEERING, INC.	05/01/2014
RECEIVING PARTY DATA	
Name:	KEVIN J. HARRINGTON
Street Address:	3340 BAKER STREET
City:	SAN FRANCISCO
State/Country:	CALIFORNIA
Postal Code:	94123
PROPERTY NUMBERS Total: 5	
Property Type	Number
Patent Number:	8285995
Patent Number:	8433899
Patent Number:	6434701
Patent Number:	6792535
Patent Number:	7480796
CORRESPONDENCE DATA	
Fax Number:	(415)392-0827
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Phone:	415-392-1960
Email:	trademarkgroup@sideman.com
Correspondent Name:	SIMONE M. KATZ-O'NEILL
Address Line 1:	ONE EMBARCADERO CENTER, 22ND FLOOR
Address Line 4:	SAN FRANCISCO, CALIFORNIA 94111
ATTORNEY DOCKET NUMBER:	5921-2
NAME OF SUBMITTER:	BARBARA BRUNTLETT
SIGNATURE:	/Barbara Bruntlett/
DATE SIGNED:	05/01/2014
Total Attachments: 7	
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SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Agreement”) is made as of May 1, 2014 (the “Effective Date”), between Kevin J. Harrington (“Secured Party”), and Kwan Software Engineering, Inc. (“Pledgor”).

RECITALS

- A.** Pledgor and Secured Party have entered into that certain Note Purchase Agreement (the “Note Purchase Agreement”) of even date herewith.
- B.** Pledgor is delivering a Secured Convertible Promissory Note (“Note”) of even date herewith to Secured Party in the principal amount of Three Million One Hundred Sixty-Seven Thousand Eight Hundred Ten Dollars (\$3,667,810).
- C.** Pursuant to the terms of the Note, Pledgor is required to secure Pledgor’s obligation to make payments under the Note.
- D.** This Agreement documents the terms and conditions of a security interest required under the terms of the Note.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are mutually acknowledged, the parties agree as follows:

1. Creation and Description of Security Interest.

1.1 Grant of Security Interest. Pledgor hereby pledges and grants to Secured Party a continuing security interest in all of Pledgor’s right, title and interest in the assets set forth on Exhibit A attached hereto, together with all proceeds of all of the foregoing, whether now owned or hereafter acquired, wherever located and whether now or hereafter existing (collectively, the “Collateral”) to secure the Obligations (as defined in Section 1.3) of Pledgor to Secured Party.

1.2 Possession and Control. Secured Party agrees to hold the Collateral subject to and in accordance with the terms and provisions of this Agreement. It is understood and agreed that Secured Party shall have no liability of any kind to parties other than Pledgor with respect to the Collateral.

1.3 Security for Obligations. This Agreement secures the payment and performance of any and all obligations of Pledgor now or hereafter existing under the Note and any extensions or renewals thereof, whether for principal, interest, penalties, fees, costs, or otherwise, and all obligation of Pledgor now or hereafter existing under this Agreement (the “Obligations”). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which would be owed by the Pledgor to the Secured Party under the Note but for the fact that they are unenforceable or not allowable owing to the existence of bankruptcy, reorganization, or similar proceedings involving Pledgor.

2. Pledgor's Representations and Covenants. To induce Secured Party to enter into this Agreement, Pledgor represents and covenants to Secured Party, its successors and assigns, as follows:

2.1 No Encumbrances. Pledgor owns the Collateral free and clear of all other encumbrances, defenses and liens, and Pledgor will not further encumber the right, title and interest in the Collateral without the prior written consent of Secured Party. Pledgor will preserve, protect, and maintain its title, rights and interest in the Collateral against the claims of all other parties (except Secured Party) claiming an interest therein, and will protect and defend the interests of Secured Party in the Collateral. There are no restrictions on or conditions to transfer of the Collateral, other than as referred to herein or on the Certificate.

2.2 Maintenance of Collateral. Pledgor shall not sell, withdraw, pledge, substitute or otherwise dispose of, all or any part of the Collateral without the prior written consent of Secured Party.

2.3 No Conflicts. The execution and performance by Pledgor of this Agreement does not violate any provision of any law, rule, or regulation or require consent of any third party and shall not result in a breach or constitute a default under any bond, surety, indenture, loan or credit agreement or any other agreement to which Pledgor is bound as a party.

2.4 Legally Enforceable Agreement. This Agreement is the legal, valid and binding obligation of Pledgor, enforceable in accordance with its terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally.

2.5 Consents. No consent of any other person or entity and no authorization, approval, or other action by, and no notice of filing with, any governmental authority of regulatory body is required for grant by Pledgor of the assignment and security interest granted hereby or for the execution, delivery or performance of this Agreement by Pledgor.

2.6 No Dilution. Until Pledgor has satisfied its obligations under the Note, Pledgor shall not sell or transfer any material portion of the assets of the Company without the prior written consent of Secured Party.

3. Lapse of Security Interest. Secured Party agrees that, upon payment of all amounts due under the Note, the Collateral shall immediately be delivered to Pledgor or his assigns free and clear of this Agreement and any and all liens created hereby. Pledgor agrees to execute and deliver to Secured Party any and all documents Secured Party deems necessary to effectuate the release of Collateral or to protect Secured Party's interest and ability to transfer the remaining Collateral.

4. Defaults and Remedies.

4.1 Remedies. If any Event of Default (as that term is defined in the Note) shall have occurred, Secured Party may, in its sole discretion, and without presentment, demand, protest or other notice of any kind to Pledgor (all of which are hereby expressly waived by Pledgor) exercise, in addition to other rights and remedies expressly provided for herein or

otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code and all other rights and remedies available to Secured Party at law or in equity.

4.2 Proceeds Received by Pledgor. All payments received by the Pledgor in respect of the Collateral following an occurrence of an Event of Default shall be received in trust for the benefit of Secured Party, shall be segregated from other funds of Pledgor, and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary endorsement.)

4.3 Application of Proceeds. The proceeds of any Collateral received by Secured Party shall be applied by Secured Party first to the payment of all reasonable costs and expenses (including reasonable attorneys' fees) incurred by Secured Party in connection with the protection, maintenance, and disposition of the Collateral, second to the payment of any and all amounts to Secured Party in respect of any Note obligation secured hereby, and third, the surplus, if any, shall be paid to whomever may be lawfully entitled thereto or as a court of competent jurisdiction may direct.

5. Miscellaneous.

5.1 Assignment. Neither party may assign this Agreement without the prior written consent of the other party.

5.2 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, couriered via overnight courier, or, if mailed, when mailed by United States certified or registered mail, prepaid, or sent via facsimile or electronic mail to the parties or their permitted assignees at the business address of Secured Party or at such other address notified by such party in accordance with this section.

5.3 Modification; No Waiver. No modification of this Agreement shall be effective unless such modification shall be in writing and signed by both Pledgor and Secured Party. No failure or delay on the part of Secured Party to exercise any power or right under this Agreement shall operate as a waiver of such power or right or preclude other or further exercise thereof or the exercise of any other power or right. No waiver of any condition or performance will operate as a waiver of any subsequent condition or obligation.

5.4 Costs, Expenses and Taxes. Pledgor agrees to pay on demand all costs and expenses incurred in connection with enforcement of this Agreement, or any amendment, modification, or supplement thereto, whether by negotiation, legal proceeding or otherwise, and in connection with the protection or maintenance of the security interest (including the perfection and priority of such security interest) granted to Secured Party herein.

5.5 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

5.6 Governing Law. Pledgor agrees that Secured Party shall have the rights and remedies available to a secured party under, and that this Agreement shall be construed in accordance with, the laws of the State of California.

5.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be considered an original but all of which will constitute one and the same document. One or more counterparts may be delivered by facsimile, and any counterpart so delivered will have the same force and effect of the original counterpart hereof.

[Signature Page Follows]

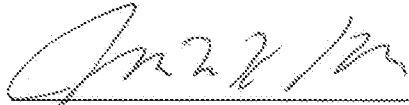
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

PLEDGOR:

SECURED PARTY:

KWAN SOFTWARE ENGINEERING, INC.

By:



John Kwan, Chief Executive Officer

Kevin J. Harrington

[Signature Page to Security Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

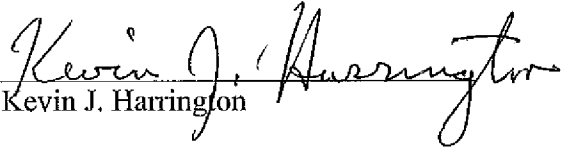
PLEDGOR:

SECURED PARTY:

KWAN SOFTWARE ENGINEERING, INC.

By:

John Kwan, Chief Executive Officer



Kevin J. Harrington

[Signature Page to Security Agreement]

EXHIBIT A
Collateral

GENERAL DESCRIPTION OF PRODUCT LINES

1. VeriPic Digital Evidence Manager
2. VeriPic Mugshot System
3. VeriPic Barcode System
4. VeriPic Interview Room System
5. VeriPicReports.com

PATENTS

1. System and method for digitally marking a file with a removable mark. United States 8,285,995. Issued October 9, 2012
2. System and method for authenticating data using incompatible digest functions. United States 8,433,899. Issued April 30, 2013
3. System and method for digitally marking a file. United States 6,434,701. Issued August 13, 2002
4. System and method for digitally marking a file with a removable mark. United States 6,792,535. Issued September 14, 2004
5. System and method for authenticating data using incompatible digest functions. United States 7,480,796. Issued January 20, 2009
6. System and Method for Digitally Marking a file with a removable mark. Taiwan NI-147643. Issued April 22, 2002

TRADEMARKS

1. VeriPic. Serial number: 75770663. Registration date: April 24, 2001. Owner: Kwan Software Engineering, Inc.
2. Digital Photo Lab. Serial number: 78426093. Registration date: March 14, 2006. Owner: Kwan Software Engineering, Inc.

DOMAINS

1. www.VeriPic.com
2. www.VeriPicReports.com
3. www.DIgitalEvidenceConference.com
4. www.VeriPic.ca

MISCELLANEOUS

1. Customer database currently in Microsoft CRM format that is being converted into Salesforce.com format.
2. Test data of pictures taken from digital cameras.
3. Contract with Bexar County Sheriff, TX with respect to use of mugshots and other data.
4. Miscellaneous equipment, contracts, accounts receivable, and other assets.