

## PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1  
 Stylesheet Version v1.2

EPAS ID: PAT2867595

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST
<b>CONVEYING PARTY DATA</b>	
<b>Name</b>	<b>Execution Date</b>
STRONGWATCH CORPORATION	04/30/2013
<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	DIVERSIFIED INNOVATIONS FUND LLLP
<b>Street Address:</b>	18801 N. THOMPSON PEAK PKWY
<b>Internal Address:</b>	SUITE 240
<b>City:</b>	SCOTTSDALE
<b>State/Country:</b>	ARIZONA
<b>Postal Code:</b>	85255
<b>PROPERTY NUMBERS Total: 1</b>	
<b>Property Type</b>	<b>Number</b>
Patent Number:	7617167
<b>CORRESPONDENCE DATA</b>	
<b>Fax Number:</b>	(212)355-3333
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>	
<b>Phone:</b>	2124597136
<b>Email:</b>	tbennett@goodwinprocter.com
<b>Correspondent Name:</b>	TRACEY D BENNETT
<b>Address Line 1:</b>	C/O GOODWIN PROCTER LLP
<b>Address Line 2:</b>	620 8TH AVE.
<b>Address Line 4:</b>	NEW YORK, NEW YORK 10018
<b>ATTORNEY DOCKET NUMBER:</b>	103063-172835
<b>NAME OF SUBMITTER:</b>	TRACEY D. BENNETT
<b>SIGNATURE:</b>	/s/Tracey D. Bennett
<b>DATE SIGNED:</b>	05/22/2014
<b>Total Attachments: 10</b>	
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## SECURITY AGREEMENT

This Security Agreement (this "Security Agreement") is entered into on April 30, 2013, by Strongwatch Corporation, a Nevada corporation ("Pledgor"), for the benefit of the Purchaser of the Promissory Note (as defined below) from the Pledgor pursuant to that certain Note Purchase Agreement, as the same may be amended, restated or otherwise modified from time to time (the "Purchase Agreement") by and among Pledgor and the Purchasers dated as of the date of this Security Agreement, and identified on Schedule 1 of the Purchase Agreement (collectively the "Purchasers"). The Pledgor and the Purchasers are referred to collectively herein as the "Parties".

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties hereby agree as follows:

1. SECURITY INTEREST. Pledgor hereby grants to Purchasers a security interest (hereinafter called the "Security Interest") in the Collateral (as defined in Exhibit A attached hereto). This Security Agreement is given for the purpose of securing payment of the amount of Two Hundred Fifty Thousand Dollars (\$250,000) with interest thereon, extension and other fees, late charges and attorneys' fees, according to the terms of the Promissory Note issued to the Purchasers (the "Promissory Note"), and all extensions, modifications, renewals or replacements thereof. All of the indebtedness and obligations secured by this Security Agreement are hereinafter collectively called the "Obligation". The Parties hereby acknowledge and agree that the Security Interest in the Collateral granted herein shall rank on parity with (i.e. without preference or priority of any kind) the security interest in the Collateral granted under that certain Security Agreement dated December 28, 2011 by and among Pledgor and the other parties named therein (the "2011 Security Agreement") and that certain Security Agreement dated April 30, 2013 by and among Pledgor and the other parties named therein (the "2013 Security Agreement") and together with the 2011 Security Agreement, the "Existing Security Agreements").

## 2. WARRANTIES, COVENANTS AND AGREEMENTS OF PLEDGORS.

2.1. Warranties. Pledgor hereby warrants, covenants and agrees that:

(a) Pledgor is the true and lawful owner of the Collateral and has full power, right and authority to execute and deliver this Security Agreement;

(b) The Collateral, as of the date hereof, is valid and in good and current standing, not having been altered, amended, changed, terminated or canceled in any way;

(c) No defense, setoff, claim or counterclaim exists against Purchasers that could be asserted against Purchasers, whether in any proceeding to enforce Purchasers' interest in the Collateral or otherwise;

(d) Pledgor has not conveyed, transferred, or assigned the Collateral or any of its rights or interest therein and has not executed any other document or instrument, other than the Existing Security Agreements and other than the assignment of the Company's accounts receivable to Marquette Commercial Finance, Inc., that might prevent or limit Purchasers from operating under the terms and conditions of this Security Agreement; and

(e) Pledgor will make no other assignment (and will allow no other assignment to be made) of the Collateral or of any right or interest therein.

2.2. Power of Attorney. Pledgor does hereby make, constitute and appoint Purchasers, its successors and assigns, Pledgor's true and lawful attorney in fact, in Pledgor's name, place and stead, or otherwise:

(a) To do all acts, including the filing of a UCC Financing Statement (including continuation statements and amendments) with the appropriate filing office, and to execute, acknowledge, obtain and deliver any and all instruments, documents, items or things necessary, proper or required as a term, condition or provision of the Collateral or in order to exercise any rights of Pledgor under the Collateral or to receive and enforce any performance due Pledgor under the Collateral;

(b) To demand and receive all performances due under or with respect to the Collateral and to take all lawful ways and means for the enforcement thereof and to compromise and settle any claim or cause of action in Pledgor arising from or related to the Collateral and give acquittances and other sufficient discharges relating thereto; and

(c) To file any claim or to take any other action or proceeding, either in its own name or in that of its nominee, or in the name of Pledgor or otherwise, to enforce performances due under or related to the Collateral or to protect and preserve the right, title and interest of Purchasers hereunder. The power of attorney given herein is a power coupled with an interest and shall be irrevocable so long as any part of the Obligation remains unpaid or unperformed. Purchasers shall have no obligation to exercise any of the foregoing rights and powers in any event.

2.3. NoChange to Collateral. No change, amendment or modification shall be made to the Collateral or to the instructions of Pledgor contained herein without the prior written approval of Purchasers.

2.4. Defense of Security Agreement and Collateral. Pledgor, at its cost and expense, shall protect and defend this Security Agreement, all of the rights of Purchasers hereunder and the Collateral against all claims and demands of other parties. Pledgor shall pay all claims and charges that in the opinion of Purchasers might prejudice, imperil or otherwise affect the Collateral or the Security Interest. Pledgor shall promptly notify Purchasers of any levy, distraint or other seizure by legal process or otherwise of any part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair the terms of this Security Agreement.

2.5. Perfection and Priority. The Security Interest, at all times, shall be perfected and shall be prior to any other interest in the Collateral, except that such Security Interest in the Collateral shall rank on parity with the security interest in the Collateral granted under the Existing Security Agreements. Pledgor, on demand, shall promptly pay all costs and expenses of filing and recording, including the costs of any searches, deemed necessary by Purchasers from time to time to establish and determine the validity and the continuing priority of the Security Interest.

2.6. Advance of Expenses. If Pledgor shall fail to pay any expenses or charges, to keep all of the Collateral free from other security interests encumbrances or claims or to perform otherwise as required herein, Purchasers may advance the moneys necessary to pay the same and Pledgor will promptly reimburse Purchasers.

3. EVENTS OF DEFAULT; REMEDIES.

3.1. The occurrence of any of the following events or conditions shall constitute and is hereby defined to be an "Event of Default" under this Security Agreement:

(a) Any failure to pay any principal or interest or any other part of the Obligation pursuant to the provisions contained in the Promissory Note when due, and such failure is not remedied within ten (10) days after receipt by Pledgor of written notice of default given by Purchasers to Pledgor.

(b) Any failure or neglect to perform or observe any of the terms, provisions, or covenants of this Security Agreement, the Promissory Note, the Purchase Agreement or any other document or instrument executed or delivered in connection with the Obligation and such failure or neglect either cannot be remedied or, if it can be remedied, it continues unremedied for a period of thirty (30) days after receipt of written notice by Purchasers to Pledgor.

(c) Any warranty, representation or statement contained in this Security Agreement, the Promissory Note, the Purchase Agreement or any other document or instrument executed or delivered in connection with the Obligation, or made or furnished to Purchasers by or on behalf of Pledgor, that shall be or shall prove to have been materially false when made or furnished.

(d) The filing by Pledgor, (or against Pledgor) in which Pledgor acquiesces or which is not dismissed within sixty (60) days after the filing thereof) of any proceeding under the federal bankruptcy laws now or hereafter existing or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Pledgor or the appointment of a receiver, trustee, custodian or conservator of all or any part of the assets of Pledgor.

(e) The insolvency of Pledgor, or the execution by Pledgor, of an assignment for the benefit of creditors; or the convening by Pledgor of a meeting of its creditors, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of its debts; or the failure of Pledgor to pay its debts as they mature; or if Pledgor is generally not paying its debts as they mature.

(f) The liquidation, termination or dissolution of Pledgor, if Purchasers are not reasonably reassured of timely payment and performance hereunder and under the Promissory Note and Purchase Agreement.

(g) Any attachment, garnishment, levy or execution upon, or judicial seizure of, any portion of the Collateral.

(h) The existence or the filing of any lien or encumbrance against any portion of the Collateral which may impair the first lien position of Purchasers.

(i) The institution of any legal action or proceedings to enforce a lien or security interest in any portion of the Collateral.

(j) The abandonment by Pledgor of all or any part of the Collateral.

(k) The occurrence of any Event of Default under the Promissory Note, the Purchase Agreement, or any other document or instrument executed or delivered in connection with the Obligation.

(l) A default by the Pledgor of any other indebtedness in excess of \$100,000.

(m) The closing of any equity financing in which a condition precedent to closing includes the conversion of the Promissory Note to equity unless otherwise approved by the Purchasers.

(n) A judgment against the Pledgor in excess of \$100,000.

3.2. Remedies. Upon the occurrence of any Event of Default and at any time thereafter while such Event of Default is continuing, Purchasers shall have the following rights and remedies and may do one or more of the following.

(a) Declare all or any part of the Obligation, including the Promissory Note, immediately due and payable, and the same, with all costs and charges, shall be collectible thereupon by action at law.

(b) Pursue any legal remedy available to collect the Obligation, to enforce its title in and right to possession of the Collateral and to enforce any and all other rights or remedies available to it.

(c) After notice to Pledgor as provided in Section 3.3 herein, sell such Collateral at public or private sale either with or without having such Collateral at the place of sale. The proceeds of such sale, after deducting therefrom all expenses of Purchasers in collecting and selling the Collateral (including reasonable attorneys' fees) shall be applied to the payment of the Obligation, and any surplus thereafter remaining shall be paid to Pledgor or any other person that may be legally entitled thereto. In the event of a deficiency between such net proceeds from the same of the Collateral and the total amount of the Obligation, Pledgor, upon demand, shall promptly pay the amount of such deficiency to Purchasers. Purchasers, so far as may be lawful, may purchase all or any part of the Collateral offered at any public or private sale made in the enforcement of Purchasers' rights and remedies hereunder.

(d) If applicable, commence proceedings for foreclosure of this Security Agreement in the manner provided by law for the foreclosure of realty mortgages.

(e) Convert all of the then outstanding principal and interest under the Promissory Note into shares of Pledgor's Common Stock, par value \$0.001 per share, at a conversion price mutually agreed upon, but no greater than \$1.62 per share.

3.3. Remedies Exercised by the Holder. The remedies may be exercised only if the holder of the Promissory Note consents in writing to exercise the relevant remedies.

3.4. Notice. Purchasers shall give Pledgor reasonable notice of any sale or other disposition of all or any part of the Collateral. Pledgor agrees that notice and demand shall be deemed to be commercially reasonable and effective if such notice is given to Pledgor at least ten (10) days prior to such sale or other disposition in the manner provided herein for the giving of notices.

3.5. Indemnification. Pledgor shall and does hereby indemnify and hold Purchasers harmless from any and all damages and losses arising as a result of or related to the Collateral, this Security Agreement or the exercise by Purchasers of any of its rights under this Security Agreement, including, without limitation, any judgment, amounts paid in settlement, and all costs and expenses, including reasonable attorneys' fees, incurred in defending or settling any action, suit or proceeding in connection with the

foregoing, but excluding damages and losses arising out of or resulting from or relating to the gross negligence or intentional act of Purchasers or its agents or employees.

3.6. Fees and Costs. All sums advanced or paid by Purchasers under the terms hereof, all amounts paid, suffered or incurred by Purchasers in exercising any authority granted herein, including reasonable attorneys' fees, and all other amounts due Purchasers from Pledgor in connection with this Security Agreement shall be added to the Obligation, shall be secured by all deeds of trust and other lien and security documents securing the Obligation, shall bear interest at the highest rate payable on any of the Obligation until paid, and shall be due and payable by Pledgor to Purchasers immediately without demand. Pledgor shall pay all costs and expenses, including, without limitation, costs of Arizona Uniform Commercial Code searches, court costs and reasonable attorneys' fees, incurred in enforcing payment and performance of the Obligation or in exercising the right and remedies of Purchasers hereunder whether in civil, probate, bankruptcy or appellate courts. Such court costs and attorneys' fees shall be set by the court and not by jury, shall be included in any judgment obtained by Purchasers, shall be added to the Obligation and shall be secured by this Security Agreement.

3.7. Remedies Cumulative. In addition to the remedies provided herein for an Event of Default, Purchasers shall have all the rights and remedies afforded a secured party under the Arizona Uniform Commercial Code and all other legal and equitable remedies allowed under applicable law. No failure on the part of Purchasers to exercise any of its rights hereunder arising upon any Event of Default shall be construed to prejudice its rights upon the occurrence of any other or subsequent Event of Default. No delay on the part of Purchasers in exercising any such rights shall be construed to preclude it from the exercise thereof any time during the continuance of that Event of Default. Purchasers may enforce any one or more remedies or rights hereunder successively or concurrently. By accepting payment or performance of any of the Obligation after its due date, Purchasers shall not thereby waive the agreement contained herein that time is of the essence, nor shall Purchasers waive either its right to require prompt payment or performance when due of the remainder of the Obligation or its right to consider the failure to so pay or perform an Event of Default.

#### 4. MISCELLANEOUS PROVISIONS.

4.1. No Seller Obligations. Purchasers, by accepting this Security Agreement, shall not be subject to any obligation or liability under the Collateral, including without limitation, any duty to perform any of the terms, conditions, provisions or agreements thereof, but any and all such obligations and liabilities shall continue to rest upon Pledgor as though this Security Agreement had not been made.

4.2. Modification of Obligation. Without notice of demand, without affecting the obligations of Pledgor hereunder or the personal liability of any person for payment or performance of the Obligation, and without affecting the Security Interest or the priority thereof, Purchasers, from time to time, may: (i) extend the time for payment of all or any part of the Obligation, accept a renewal note therefor, reduce the payments thereon, release any person liable for all or any part thereof, or otherwise change the terms of all or any part of the Obligation; (ii) take and hold other security for the payment or performance of the Obligation and enforce, exchange, substitute, subordinate, waive or release any such security; (iii) join in any extension or subordination agreement; or (iv) release any part of the Collateral from the Security Interest.

4.3. Pursuit of Remedies. Pledgor waives (except as otherwise provided in this Security Agreement, the Purchase Agreement or the Promissory Note) and agrees not to assert: (i) any right to require Purchasers to proceed against any guarantor, to proceed against or exhaust any other security for the Obligation, to pursue any other remedy available to Purchasers, or to pursue any remedy in any particular order or manner; (ii) the benefits of any statute of limitations affecting the enforcement hereof; (iii) demand, diligence, presentment for payment, protest and demand, and notice of extension, dishonor, protest, demand and nonpayment, relating to the Obligation; and (iv) any benefit of, and any right to participate in, any other security now or hereafter held by Purchasers.

4.4. No Waivers. No failure or delay on the part of Purchasers in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise or the exercise of any other right, power, or privilege. The rights, powers and remedies hereunder are cumulative and may be exercised by Purchasers either independently of or concurrently with any other right, power, or remedy contained herein or in any instrument executed in connection with the Obligation.

4.5. Governing Law; Interpretation. The terms herein shall have the meanings in and be construed under the Arizona Uniform Commercial Code. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement is held to be void or invalid, the same shall not affect the remainder hereof which shall be effective as though the void or invalid provision had not been contained herein.

4.6. Amendments. No modification, rescission, waiver, release or amendment of any provision of this Security Agreement shall be made except by a written agreement subscribed by Pledgor and a duly authorized officer of Purchasers.

4.7. Effectiveness. This Security Agreement shall remain in full force and effect until all of the Obligation shall have been paid and performed in full.

4.8. NoOffset. No offset or claim that Pledgor now has or may in the future have against Purchasers shall relieve Pledgor from paying or performing the Obligation.

4.9. Time of the Essence. Time is of the essence hereof. This Security Agreement applies to, inures to the benefit of, and binds all parties hereto, their successors and assigns. The term "Purchasers" shall include not only the original Purchasers hereunder but also any future owner and holder, including pledgees, of the Promissory Note. The provisions hereof shall apply to the parties according to the context thereof and without regard to the number or gender of words or expressions used.

4.10. Notice. All notices required or permitted to be given hereunder shall be in writing, and shall be delivered and become effective as provided in the Purchase Agreement.

4.11. Counterparts. This Security Agreement may be executed in one or more counterparts. The parties may execute and exchange counterparts of the signature pages by facsimile transmission or by electronic mail in "portable document format" form.



*[Signature page follows]*

IN WITNESS WHEREOF, this Security Agreement has been executed and delivered on behalf of  
and in the name of Pledgor on the date indicated above.

PLEDGOR:

**STRONGWATCH CORPORATION**

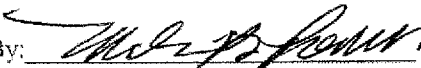
By:   
Name: Michael B. Powell, CEO  
Title: CEO

Exhibit A

Description of Collateral

All property, or right, title and interests in property, of Pledgor, whether now owned or existing or hereafter acquired or arising and wherever located (collectively, the "Collateral"), including, without limitation:

- (a) currently existing and hereafter arising accounts, contract rights and all other forms of obligations owing to Pledgor arising out of the sale or lease of goods or the rendition of services by Pledgor, irrespective of whether earned by performance, and any and all credit insurance, guaranties, or security therefore (collectively "Accounts");
- (b) books and records including: ledgers, records indicating, summarizing or evidencing Pledgor's properties or assets (including the collateral) or liabilities; all information relating to Pledgor's business, operations or financial condition; and all computer programs, disc or tape files, printouts, runs or other computer prepared information (collectively "Books and Records");
- (c) present and hereafter acquired machinery, machine tools, motors, equipment, furniture, furnishings, fixtures, vehicles (including motor vehicles and trailers), tools, parts, dies, jigs, goods (other than consumer goods, farm products or Inventory), wherever located, and any interest of Pledgor in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing, wherever located (collectively "Equipment");
- (d) present and future intangibles and other personal property (including contract rights, rights arising under common law, statutes, or regulations, things in action, goodwill, patents, trade names, trademarks, service marks, copyrights, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, right to payment and other rights under any royalty or licensing agreements, infringements, claims, computer programs, information contained on computer discs or tapes, literature, reports, catalogs, deposit accounts, insurance premium rebates, tax refunds, and tax refund claims) other than goods, Accounts, and Negotiable Collateral (as defined below) (collectively, "General Intangibles");
- (e) present and future inventory in which Pledgor has any interest, including goods held for sale or lease or to be furnished under a contract of service and all of Pledgor's present and future raw materials, work in process, finished goods, and packing and shipping materials, wherever located (collectively, "Inventory");
- (f) present and future letters of credit, notes, drafts, instruments, investment property, security entitlements, securities (including the shares of stock of subsidiaries of Pledgor), documents, personal property leases (wherein Pledgor is the lessor), chattel paper, and Books and Records relating to any of the foregoing (collectively, "Negotiable Collateral"); and
- (g) any money or other assets of Pledgor which now or hereafter come into the possession, custody, or control of Secured Party; and the proceeds and products, whether tangible or intangible, of any of the foregoing, including, but not limited to, proceeds of insurance covering any or all of the foregoing, and any and all Accounts, Books and Records, Equipment, General Intangibles, Inventory, Negotiable Collateral, money, deposit accounts or other tangible or intangible property resulting from the sale, exchange, collection,

or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof.