

PATENT ASSIGNMENT COVER SHEET


Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT3824784

SUBMISSION TYPE:	NEW ASSIGNMENT	
NATURE OF CONVEYANCE:	SECURITY INTEREST	
CONVEYING PARTY DATA		
	Name	Execution Date
	OCEANSBLUE SYSTEMS, LLC	03/31/2016
RECEIVING PARTY DATA		
Name:	MULLIGAN HOLDINGS TRUST	
Street Address:	16633 VENTURA BLVD.	
Internal Address:	6TH FLOOR	
City:	ENCINO	
State/Country:	CALIFORNIA	
Postal Code:	91436	
PROPERTY NUMBERS Total: 2		
	Property Type	Number
	Patent Number:	8488785
	Patent Number:	8964976
CORRESPONDENCE DATA		
Fax Number:	(310)979-3603	
<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>		
Phone:	3108921613	
Email:	marc@hankinpatentlaw.com	
Correspondent Name:	MARC E. HANKIN	
Address Line 1:	12400 WILSHIRE BLVD.	
Address Line 2:	SUITE 1265	
Address Line 4:	LOS ANGELES, CALIFORNIA 90025	
NAME OF SUBMITTER:	MARC E. HANKIN	
SIGNATURE:	/Marc E. Hankin/	
DATE SIGNED:	04/11/2016	
Total Attachments: 9		
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SECURITY AGREEMENT

This Security Agreement (the "Agreement") dated March 31, 2016 is made by and between Oceansblue Systems, LLC, a Nevada limited liability company (the "Debtor") and Mulligan Holdings Trust (the "Secured Party"). This Agreement secures payment of that certain Promissory Note dated March 31, 2016 in favor of Secured Party in the amount of One Hundred Seventy Thousand Dollars (\$170,000.00). 

In consideration of promises made herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees with the Secured Party as follows:

1. Grant of Security Interest. To secure the complete and timely satisfaction of all payments owed under the Promissory Note ("Obligations"), Debtor hereby grants to the Secured Party a security interest in and to all of Debtor's right, title and interest in and to all of its now existing and hereafter created or acquired:

- (a) Accounts;
- (b) Inventory;
- (c) Equipment with all parts, filings, cables, accessories, attachments, fixtures, renewals, improvements, substitutions, and replacements to the equipment, whether now owned or hereafter acquired, and together with all rents, proceeds, income and profits derived therefrom;
- (d) Patents and patent applications including, without limitation, the inventions and improvements described and claimed in Debtor's patents and patent applications, and (i) the reissues, divisions, continuations, renewals, extensions and continuations-in-part of those patents and patent applications, (ii) all income, damages and payments now and in the future due or payable under or with respect to those patents and patent applications, including, without limitation, damages and payments for past or future infringements, (iii) the right to sue for past, present and future infringements, and (iv) all rights corresponding to those rights throughout the world (all of the foregoing patents and applications, together with the items described in clauses (i)-(iv) of this subsection, are sometimes referred to individually as a "Patent" and, collectively, as the "Patents");
- (e) Trademarks, trademark registrations, trademark applications, trade names and trade styles, service marks, service mark registrations and service mark applications of Debtor, and (i) renewals or extensions of those marks, registrations, applications, names and styles, (ii) all income, damages and payments now and in the future due or payable with respect to marks, registrations, applications, names and styles, including, without limitation, damages and payments for past or future infringements, (iii) the right to sue for past, present and future infringements, and (iv) all rights

corresponding to those rights throughout the world (all of the foregoing trademarks, trade names and trade styles, service marks and applications and registrations, together with the items described in clauses (i)-(iv) of this subsection, are sometimes referred to individually as a "Trademark" and, collectively, as the "Trademarks");

- (f) The goodwill of Debtor's business connected with and symbolized by the Trademarks;
- (g) Copyrights and copyright registrations and applications of Debtor, and (i) renewals, extensions and continuations of those copyrights, registrations and applications, (ii) all income, damages and payments now and in the future due or payable under or with respect to those copyrights, registrations and applications, including without limitation, damages and payments for past, present and future infringements, (iii) the right to sue for past, present and future infringements, and (iv) all rights corresponding to those rights throughout the world (all of the foregoing copyrights and applications, together with the items described in clauses (i)-(iv) of this subsection, are sometimes hereafter referred to individually as a "Copyright" and, collectively, as the "Copyrights");
- (h) All other property or assets, whether presently existing or hereafter created or acquired, including, without limitation, all equipment, inventory, accounts, chattel paper (whether tangible or electronic), documents, instruments, money, deposit accounts, general intangibles, returns, repossessions, investment property, financial assets, insurance claims and proceeds, all books and records relating thereto, and equipment containing such books and records, claims, contracts and contract rights, and all other goods; and
- (i) All accessions to, substitutions for and all replacements, products and cash and non-cash proceeds of 1(a) through 1(h) above, including, without limitation, proceeds of and unearned premiums with respect to insurance policies insuring any of the Collateral (all of the items referred to at subsections 1 (a)-(f), whether presently existing or hereafter created or acquired, the "Collateral"). Any UCC financing statement filed showing Debtor as debtor and the Secured Party as secured party may cover all assets of Debtor.

The following terms shall have the following meanings for purposes of this Agreement:

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

"Permitted Liens" shall mean (a) Liens for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with generally accepted accounting principals, (b) Liens of carriers, warehousemen, mechanics, materialmen, vendors, and landlords and other similar Liens imposed by law incurred in the ordinary course of business for sums not overdue more than 90 days or being contested in good faith, provided that adequate reserves for the payment thereof have been established in accordance with generally accepted accounting principals, (c) deposits under workers' compensation, unemployment insurance and social security laws or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations of surety or appeal bonds or to secure indemnity, performance or other similar bonds in the ordinary course of business, (d) Liens on the property or assets of any subsidiary of Debtor in favor of Debtor and (e) purchase money Liens that will be discharged upon Debtor's payment of the purchase price for the applicable property, to the extent such Liens relate solely to the property so purchased.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the States of California and Nevada; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Secured Party Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the States of California and Nevada, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions. Unless otherwise defined herein, all terms that are defined in the UCC and used herein shall have the meanings given to them in the UCC.

2. Representations and Warranties. Debtor hereby represents and warrants to the Secured Party that:

(a) Ownership of Collateral. Debtor is the legal and beneficial owner of the Collateral (or, in the case of after-acquired Collateral, at the time Debtor acquires rights in the Collateral, will be the legal and beneficial owner thereof). Except for the Security Interest granted to the Secured Party pursuant to this Agreement, Debtor has rights in or the power to transfer the Collateral free and clear of any adverse Lien, security interest or encumbrance except as created by this Security Interest, except for Permitted Liens.

(b) Valid Security Interest. The Security Interest granted pursuant to this Agreement will constitute a valid and continuing security interest in favor of the Secured Party in the Collateral for which perfection is governed by the UCC. Such Security Interest will be senior to all other Liens on the Collateral with the exception of the lien of Comerica Bank as evidenced by that certain Security Agreement between Debtor and Comerica Bank dated September 23, 2014, and any renewals thereof ("Comerica Lien").

(c) Organization and Good Standing. Debtor has been duly organized, and is validly existing and in good standing, under the laws of the State of Nevada.

(d) Name of Debtor. Debtor's exact legal name as it appears in the official filings in the State of Nevada is as set forth in the first paragraph of this Agreement.

3. Covenants. Debtor covenants and agrees with the Secured Party that, from and after the date of this Agreement until the Obligations are paid in full:

(a) Other Liens. Except for the Security Interest, the Comerica Lien and Permitted Liens, Debtor has rights in or the power to transfer the Collateral and its title and will be able to do so hereafter free from any adverse Lien, security interest or encumbrance, and Debtor will defend the Collateral against the claims and demands of all persons at any time claiming the same or any interest therein.

(b) Further Documentation. At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of Debtor, Debtor will promptly and duly authenticate and deliver such further instruments and documents and take such further action as the Secured Party may reasonably determine are necessary for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted including, without limitation, filing any financing or continuation statements under the UCC in effect with respect to the Liens created hereby. Debtor also hereby authorizes the Secured Party to file any such financing, amendment or continuation statement without the authentication of Debtor to the extent permitted by applicable law. A reproduction of this Agreement shall be sufficient as a financing statement (or as an exhibit to a financing statement on form UCC-1) for filing in any jurisdiction.

(c) Limitation on Liens on Collateral. Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is reasonably necessary to remove, any Lien or claim on or to the Collateral, other than the Security Interest, the Comerica Lien and Permitted Liens, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the claims and demands of all other persons.

(d) Limitations on Dispositions of Collateral. Debtor will not sell, transfer, lease, or otherwise dispose of any material portion of the Collateral, or attempt, offer or contract to do so; provided, however that Debtor will be allowed to grant licenses or other rights to its products and related documentation in the ordinary course of business and to establish or provide for escrows of related intellectual property in connection therewith.

4. Event of Default; the Secured Party's Appointment as Attorney-in-Fact.

(a) Event of Default. For purposes of this Agreement, the occurrence of any one of the following events (each, an "Event of Default") shall constitute a default hereunder:

- (i) Debtor's failure to pay or discharge the Obligations in full in accordance with the terms of the Promissory Note;
- (ii) Debtor's failure to observe or perform any other material covenant, obligation, condition or agreement contained in this Agreement or the Promissory Note, and any amendments thereto;

- (iii) Debtor's failure to pay within ten days any amounts due under its loan obligations to Comerica Bank, or its successor or assigns;
- (iv) The liquidation, termination of existence, dissolution, insolvency or business failure of Debtor, or the appointment of a receiver or custodian for Debtor or any part of its property; or
- (v) The institution by or against Debtor of any proceedings under the United States Bankruptcy Code or any other federal or state bankruptcy, reorganization, receivership, insolvency or other similar law affecting the rights of creditors generally or the making by Debtor of a composition or an assignment or trust mortgage for the benefit of creditors.

(b) Debtor hereby appoints the Secured Party and any officer or agent of each the Secured Party, with full power of substitution, as its attorney-in-fact with full irrevocable power and authority in the place of Debtor and in the name of Debtor or its own name, from time to time in the Secured Party's discretion so long as an Event of Default has occurred and is continuing, for the purpose of carrying out the terms of this Agreement, to take any appropriate action and to authenticate any instrument which may be necessary to accomplish the purposes of this Agreement. This power of attorney shall be a power coupled with an interest and shall be irrevocable.

(c) No Duty on the Secured Party's Part. The powers conferred on the Secured Party by this Section 4 are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither the Secured Party nor any of its officers, directors, employees or agents shall, in the absence of willful misconduct or gross negligence, be responsible to Debtor for any act or failure to act pursuant to this Section 4.

5. Remedies. If an Event of Default has occurred and is continuing, the Secured Party may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement relating to the Obligations, all rights and remedies of a secured party under the UCC. Without limitation, the Secured Party may exchange certificates or instruments representing or evidencing the Collateral for certificates or instruments of smaller or larger denominations, may exercise the voting rights with respect thereto, may collect and receive all dividends and other distributions made thereon, and may sell part or all of the Collateral in one or more sales after reasonable notice of the time and place of any public sale or of the time after which a private sale to a third party is to take place (which notice Debtor agrees is commercially reasonable if accompanied by a reasonable degree of public advertising). At any public sale of the Collateral, Secured Party shall be free to purchase all or any part of the Collateral. Debtor agrees that where Secured Party, in its sole discretion, after having given the requisite publicly advertised notifications and direct notifications, determines that a privately negotiated sale to a third party will optimize the price to be obtained for the Collateral, such sale shall be deemed to have been made in a commercially reasonable manner. The Secured Party shall apply the net proceeds of any collection, recovery, receipt, appropriation, realization or sale with respect to the Collateral, after deducting all reasonable expenses incurred therein or in

connection with the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Party under this Agreement (including, without limitation, reasonable attorneys' fees and expenses) to the payment in whole or in part of the Obligations, in such order as the Secured Party may elect, and only after such application and after the payment by the Secured Party of any other amount required by any provision of law, need the Secured Party account for the surplus, if any, to Debtor. Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Obligations and the fees and disbursements of any attorneys employed by the Secured Party to collect such deficiency.

6. Limitation on Duties Regarding Preservation of Collateral. The Secured Party's sole duty with respect to the custody, safekeeping and preservation of the Collateral, under Section 9207 of the UCC or otherwise, shall be to deal with it in the same manner as such Secured Party deals with similar property for its own account. Neither the Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so other than as a result of the gross negligence or willful misconduct of the same or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Debtor or otherwise.

7. Powers Coupled with an Interest. All authorizations and agencies contained in this Agreement with respect to the Collateral are irrevocable and are powers coupled with an interest.

8. No Waiver; Cumulative Remedies. The Secured Party shall not by any act (except by a written instrument pursuant to Section 10(a) hereof), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default under the Promissory Note or in any breach of any of the terms and conditions of this Agreement. No failure to exercise, nor any delay in exercising, on the part of the Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative, may be exercised singly or concurrently and are not exclusive of any rights or remedies provided by law.

9. Termination of Security Interest. Upon satisfaction of Debtor's obligations pursuant to the Promissory Note, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Debtor. Upon any such termination, the Secured Party shall authenticate and deliver to Debtor such documents as Debtor may reasonably request to evidence such termination.

10. Miscellaneous.

(a) Amendments and Waivers. Any term of this Agreement may be amended with the written consent of Debtor and the Secured Party. Any amendment or waiver effected in accordance with this Section 10(a) shall be binding upon the parties and their respective successors and assigns.

(b) Transfer; Successors and Assigns. The terms and conditions of this Agreement shall be binding upon Debtor and its successors and assigns, as well as all persons who become bound as a debtor to this Agreement and inure to the benefit of the Secured Party and its successors and assigns. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(c) Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law, except to the extent that the provisions of the UCC in effect in a jurisdiction other than the State of California are applicable as described in Section 1 above.

(d) Jurisdiction/Venue. Debtor agrees that any dispute arising in connection with the Promissory Note or this Agreement shall be resolved in any federal or state court with subject matter jurisdiction in the County of Los Angeles, State of California and Debtor irrevocably consents to personal jurisdiction and venue of any such court. Debtor acknowledges that it has had adequate notice of this provision and that this forum has expertise in the subject matter of the agreement between Debtor and Secured Party.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(f) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(g) Notices. Any notice, request, demand, instruction or other communication given hereunder by any party or permitted by this Agreement shall be in writing and shall be deemed sufficient upon delivery, when delivered personally or by overnight courier or sent by email or fax (upon customary confirmation of receipt), or forty-eight (48) hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address or fax number as set forth on the signature page or as subsequently modified by written notice. be in writing and will be validly and timely given or made to another party if (i) served personally, (ii) deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, (iii) delivered by overnight courier; (iv) by email with confirmed receipt; or (v) sent by fax, to the party to which the notice is being given, at the address or fax number set forth below:

If to Secured Party, Mulligan Holdings Trust

Andrew Grey, Trustee
Mulligan Holdings Trust
16633 Ventura Blvd., 6th Floor
Encino, CA 91436

If to Debtor, Oceansblue Systems, LLC

Rogel Patawaran, Managing Member
Oceansblue Systems, LLC
5949 S. Rainbow Blvd.
Las Vegas, NV 89118

If such notice is served personally, such notice will be deemed to be given at the time of personal service. If notice is served by mail, such notice will be deemed to be given five (5) days after the deposit of same in the United States mail. If such notice is served by overnight courier, such notice will be deemed to be given on the next business day following the acceptance of such notice for delivery by such overnight courier. If such notice is served by fax or email, such notice will be deemed to be given at the time such notice is sent, provided that an additional copy of such notice is sent the same day by another acceptable means of giving notice under this Paragraph 10(g). Any person entitled to receive notice under this Agreement may change the address or fax number to which such notice may be sent, by giving written notice thereof pursuant to this Paragraph 10(g).

(h) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(i) Entire Agreement. This Agreement, and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto concerning such subject matter are expressly canceled.

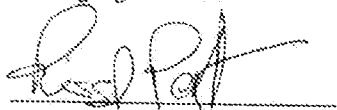
[Signature Page Follows]

Debtor and the Secured Party have caused this Security Agreement to be duly executed and delivered as of the date first above written.

DEBTOR:


OCEANSBLUE SYSTEMS, LLC

By: RP Family Trust
Managing Member



Rogel Patawaran, Trustee

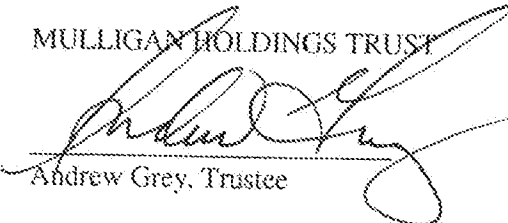
March 31 2016



By: Rogel Patawaran
Managing Member

SECURED PARTY:

MULLIGAN HOLDINGS TRUST



Andrew Grey, Trustee