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**TRADEMARK  
REEL: 1778 FRAME: 0495**

**SECURITY AGREEMENT**August 27, 1998

**SNAKE EYES GOLF CLUBS, INC., a Delaware corporation, 11210 Phillips Industrial Boulevard, East, Florida 32256 ("Debtor") and LARRY MOVSOVITZ, P. O. Box 41565, Jacksonville, Florida 32203-1565, (the "Lender")**

For value received and to secure the payment and performance of the Promissory Note executed by the Debtor dated August 27, 1998, in the original principal amount of \$100,000.00, payable to Lender, and any extensions, renewals, modifications or novations thereof (the "Note"), this Security Agreement and the other Loan Documents, and any other obligations of Debtor to Lender however created, arising or evidenced, whether direct or indirect, absolute or contingent, now existing or hereafter arising or acquired, including swap agreements (as defined in 11 U.S.C. § 101), future advances, and all costs and expenses incurred by Lender to obtain, preserve, perfect and enforce the security interest granted herein and to maintain, preserve and collect the property subject to the security interest (collectively, "Obligations"), Debtor hereby grants to Lender a continuing security interest in and lien upon the following described property, now owned or hereafter acquired, any additions, accessions, or substitutions thereof and thereto (including but not limited to investment property and security entitlements), and all cash and non-cash proceeds and products thereof (collectively, "Collateral"):

All accounts, contract rights, leases, and any other rights of Debtor to payment for goods sold or leased or for services rendered; furniture; furnishings; fixtures; equipment; machinery; accessories; moveable trade fixtures; goods held for sale or being processed for sale in Debtor's business, including all raw materials, supplies, and other materials used or consumed in Debtor's business, goods in process, finished goods, and all other items customarily classified as inventory; building improvement and construction materials, supplies and equipment; chattel paper; instruments; documents; as well as all parts, replacements, substitutions, profits, products and cash and non-cash proceeds of the foregoing (including insurance and condemnation proceeds payable by reason of condemnation of or loss or damage thereto) in any form and wherever located.

All general intangibles (including, without limitation, all contract rights, tax refunds and tax refund claims, choses in action, causes of action, corporate or other business records, inventions, designs, patents, patent applications, trademarks, logos, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, claims under guaranties, security interests or other security held or granted to secure payment of contracts by account debtors, all rights to indemnification and all other intangible property of every kind and nature).

All inventory, including all raw materials and work in process to be processed into such inventory, and all accessions, attachments and other additions to, substitutes for, replacements for, improvements to and returns of such inventory, all accounts arising from the disposition of inventory.

Debtor hereby represents and agrees that:

**OWNERSHIP.** Debtor owns the Collateral is free and clear of all liens, security interests, and claims except those previously reported in writing to Lender, and Debtor will keep the Collateral free and clear from all liens, security interests and claims, other than those granted to Lender.

**TITLE/TAXES.** Debtor has good and marketable title to Collateral and will warrant and defend same against all claims. Debtor will not transfer, sell, or lease Collateral (except in the ordinary course of business). Debtor agrees to pay promptly all taxes and assessments upon or for the use of Collateral and on this Security Agreement. At its option, Lender may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on Collateral. Debtor agrees to reimburse Lender, on demand, for any such payment made by Lender. Any amounts so paid shall be added to the Obligations.

**WAIVERS.** Debtor waives presentment, demand, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate, and notice of acceleration of maturity. Debtor further agrees not to assert against Lender as a defense (legal or equitable), as a set-off, as a counterclaim, or otherwise, any claims Debtor may have against any seller or lessor that provided personal property or services relating to any part of the Collateral. Debtor waives all exemptions and homestead rights with regard to the Collateral. **Debtor waives any and all rights to notice or to hearing prior to Lender's taking immediate possession or control of any Collateral,** and to any bond or security which might be required by applicable law prior to the exercise of any of Lender's remedies against any Collateral.

**EXTENSIONS, RELEASES.** Debtor agrees that Lender may extend, renew or modify any of the Obligations and grant any releases, compromises or indulgences with respect to any security for the Obligations, or with respect to any party liable for the Obligations, all without notice to or consent of Debtor and without affecting the liability of Debtor or the enforceability of this Security Agreement.

**NOTIFICATIONS OF CHANGE.** Debtor will notify Lender in writing at least 30 days prior to any change in: (i) Debtor's chief place of business and/or residence; (ii) Debtor's name or identity; or (iii) Debtor's corporate/organizational structure. Debtor will keep Collateral at the location(s) previously provided to Lender until such time as Lender provides written advance consent to a change of location. Debtor will bear the cost of preparing and filing any documents necessary to protect Lender's liens.

**COLLATERAL CONDITION AND LAWFUL USE.** Debtor represents that Collateral is in good repair and condition and that Debtor shall use reasonable care to prevent Collateral from being damaged or depreciating. Debtor shall immediately notify Lender of any material loss or damage to Collateral. Debtor shall not permit any item of equipment to become a fixture to real estate or an accession to other personal property. Debtor represents it is in compliance in all respects with all federal, state and local laws, rules and regulations applicable to its properties, Collateral, operations,

business, and finances, including, without limitation, any federal or state laws relating to liquor (including 18 U.S.C. § 3617, et seq.) or narcotics (including 21 U.S.C. § 801, et seq.) and all applicable federal, state and local laws, and regulations intended to protect the environment.

**RISK OF LOSS AND INSURANCE.** Debtor shall bear all risk of loss with respect to the Collateral. The injury to or loss of Collateral, either partial or total, shall not release Debtor from payment or other performance hereof. Debtor agrees to obtain and keep in force casualty and hazard insurance on Collateral naming Lender as loss payee. Such insurance is to be in form and amounts satisfactory to Lender. All such policies shall provide to Lender a minimum of 30 days written notice of cancellation. Debtor shall furnish to Lender such policies, or other evidence of such policies satisfactory to Lender. Lender is authorized, but not obligated, to purchase any or all insurance or "Single Interest Insurance" protecting such interest as Lender deems appropriate against such risks and for such coverage and for such amounts, including either the loan amount or value of the Collateral, all at its discretion, and at Debtor's expense. In such event, Debtor agrees to reimburse Lender for the cost of such insurance and Lender may add such cost to the Obligations. Debtor shall bear the risk of loss to the extent of any deficiency in the effective insurance coverage with respect to loss or damage to any of the Collateral. Debtor hereby assigns to Lender the proceeds of all such insurance and directs any insurer to make payments directly to Lender. Debtor hereby appoints Lender its attorney-in-fact, which appointment shall be irrevocable and coupled with an interest for so long as the Obligations are unpaid, to file proof of loss and/or any other forms required to collect from any insurer any amount due from any damage or destruction of Collateral, to agree to and bind Debtor as to the amount of said recovery, to designate payee(s) of such recovery, to grant releases to insurer, to grant subrogation rights to any insurer, and to endorse any settlement check or draft. Debtor agrees not to exercise any of the foregoing powers granted to Lender without the Lender's prior written consent.

**ADDITIONAL COLLATERAL.** If at any time Collateral is unsatisfactory to Lender, then on demand of Lender, Debtor shall immediately furnish such additional Collateral satisfactory to Lender to be held by Lender as if originally pledged hereunder and shall execute such additional security agreements and financing statements as requested by Lender.

**FINANCING STATEMENTS.** No financing statement (other than any filed by Lender or disclosed above) covering any of Collateral or proceeds thereof is on file in any public filing office. This Security Agreement, or a copy thereof, or any financing statement executed hereunder may be recorded. On request of Lender, Debtor will execute one or more financing statements or other perfection instruments in form satisfactory to Lender and will pay all costs and expenses of filing the same or of filing this Security Agreement in all public filing offices, where filing is deemed by Lender to be desirable. Lender is authorized to file financing statements or other perfection instruments relating to Collateral without Debtor's signature where authorized by law. Debtor appoints Lender as its attorney-in-fact to execute such documents necessary to accomplish perfection of Lender's security interest. The appointment is coupled with an interest and shall be irrevocable as long as any Obligations remain outstanding. Debtor further agrees to take such other actions as might be requested for the perfection, continuation and assignment, in whole or in part, of the

security interests granted herein. If certificates or other ownership evidence are issued or outstanding as to any of the Collateral, Debtor will cause the security interests of Lender to be properly protected, including perfection of notation thereon.

**LANDLORD/MORTGAGEE WAIVERS.** Debtor shall cause each landlord of real property leased by Debtor to execute and deliver instruments satisfactory in form and substance to Lender by which such mortgagee or landlord waives its rights, if any, in the Collateral.

**CONTRACTS, CHATTEL PAPER, ACCOUNTS, GENERAL INTANGIBLES.** Debtor warrants that Collateral consisting of contract rights, chattel paper, accounts, or general intangibles is (i) genuine and enforceable in accordance with its terms except as limited by law; (ii) not subject to any defense, set-off, claim or counterclaim of a material nature against Debtor except as to which Debtor has notified Lender in writing; and (iii) not subject to any other circumstances that would impair the validity, enforceability, value, or amount of such Collateral except as to which Debtor has notified Lender in writing. Debtor shall not amend, modify or supplement any lease, contract or agreement contained in Collateral or waive any provision therein, without prior written consent of Lender. Debtor agrees to provide to Lender all evidence of general intangibles including, but not limited to, trademark and logo filings and certifications.

**ACCOUNT INFORMATION.** From time to time, at the Lender's request, Debtor shall provide Lender with schedules describing all accounts and contracts, including customers' addresses, credited or acquired by Debtor and at the Lender's request shall execute and deliver written assignments of contracts and other documents evidencing such accounts and contracts to Lender. Together with each schedule, Debtor shall, if requested by Lender, furnish Lender with copies of Debtor's sales journals, invoices, customer purchase orders or the equivalent, and original shipping or delivery receipts for all goods sold, and Debtor warrants the genuineness thereof.

**ACCOUNT AND CONTRACT DEBTORS.** After a Default occurs, Lender shall have the right to notify the account and contract debtors obligated on any or all of the Collateral to make payment thereof directly to Lender and Lender may take control of all proceeds of any such Collateral, which rights Lender may exercise at any time. The cost of such collection and enforcement, including attorneys' fees and expenses, shall be borne solely by Debtor whether the same is incurred by Lender or Debtor. After a Default occurs, upon demand of Lender, Debtor will, upon receipt of all checks, drafts, cash and other remittances in payment on Collateral, deposit the same in a special lender account maintained with Lender, over which Lender also has the power of withdrawal.

If a Default occurs, no discount, credit, or allowance shall be granted by Debtor to any account or contract debtor and no return of merchandise shall be accepted by Debtor without Lender's consent. Lender may, after Default, settle or adjust disputes and claims directly with account contract debtors for amounts and upon terms that Lender considers advisable, and in such cases, Lender will credit the Obligations with the net amounts received by Lender, after deducting all of the expenses incurred by Lender. Debtor agrees to indemnify and defend Lender and hold it harmless with respect to any claim or proceeding arising out of any matter related to collection of Collateral.

**GOVERNMENT CONTRACTS.** If any Collateral covered hereby arises from obligations due to Debtor from any governmental unit or organization, Debtor shall immediately notify Lender in writing and execute all documents and take all actions demanded by Lender to ensure recognition by such governmental unit or organization of the rights of Lender in the Collateral.

**INVENTORY.** So long as no Default has occurred, Debtor shall have the right in the regular course of business, to process and sell Debtor's inventory, unless Lender shall hereafter otherwise direct in writing. Upon demand of Lender, Debtor will, upon receipt of all checks, drafts, cash and other remittances, in payment of Collateral sold, deposit the same in a special lender account maintained with Lender, over which Lender also has the power of withdrawal. Debtor shall comply with all federal, state, and local laws, regulations, rulings, and orders applicable to Debtor or its assets or business, in all respects. Without limiting the generality of the previous sentence, Debtor shall comply with all requirements of the federal Fair Labor Standards Act in the conduct of its business and the production of inventory. Debtor shall notify Lender immediately of any violation by Debtor of the Fair Labor Standards Act, and a failure of Debtor to so notify Lender shall constitute a continuing representation that all inventory then existing has been produced in compliance with the Fair Labor Standards Act.

**INSTRUMENTS, CHATTEL PAPER.** Any Collateral that is instruments, chattel paper and negotiable documents will be properly assigned to, deposited with and held by Lender, unless Lender shall hereafter otherwise direct or consent in writing. Lender may, without notice, before or after maturity of the Obligations, exercise any or all rights of collection, conversion, or exchange and other similar rights, privileges and options pertaining to Collateral, but shall have no duty to do so.

**COLLATERAL DUTIES.** Lender shall have no custodial or ministerial duties to perform with respect to Collateral pledged except as set forth herein; and by way of explanation and not by way of limitation, Lender shall incur no liability for any of the following: (i) loss or depreciation of Collateral (unless caused by its willful misconduct), (ii) its failure to present any paper for payment or protest, to protest or give notice of nonpayment, or any other notice with respect to any paper or Collateral, or (iii) its failure to present or surrender for redemption, conversion or exchange any bond, stock, paper or other security whether in connection with any merger, consolidation, recapitalization, or reorganization, arising out of the refunding of the original security, or for any other reason, or its failure to notify any party hereto that Collateral should be so presented or surrendered.

**TRANSFER OF COLLATERAL.** The Lender may assign its rights in the Collateral or any part thereof to any assignee who shall thereupon become vested with all the powers and rights herein given to the Lender with respect to the property so transferred and delivered, and the Lender shall thereafter be forever relieved and fully discharged from any liability with respect to such property so transferred, but with respect to any property not so transferred the Lender shall retain all rights and powers hereby given.

**SUBSTITUTE COLLATERAL.** With prior written consent of Lender, other Collateral may be

substituted for the original Collateral herein in which event all rights, duties, obligations, remedies and security interests provided for, created or granted shall apply fully to such substitute Collateral.

**INSPECTION, BOOKS AND RECORDS.** Debtor will at all times keep accurate and complete records covering each item of Collateral, including the proceeds therefrom. Lender, or any of its agents, shall have the right, at intervals to be determined by Lender and without hindrance or delay, to inspect, audit, and examine the Collateral and to make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to Collateral, Debtor's business or any other transaction between the parties hereto. Debtor will at its expense furnish Lender copies thereof upon request.

**ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION.** Debtor shall pay all of Lender's reasonable expenses incurred in enforcing this Agreement and in preserving and liquidating Collateral, including but not limited to, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any trial, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

**DEFAULT.** If any of the following occurs, a default ("Default") under this Security Agreement shall exist: (i) The failure of timely payment or performance of any of the Obligations or a default under any Loan Document; (ii) Any breach of any representation or agreement contained or referred to in this Security Agreement or other Loan Document; (iii) Any loss, theft, substantial damage, or destruction of Collateral not fully covered by insurance, or as to which insurance proceeds are not remitted to Lender within 30 days of the loss; any sale (except the sale of inventory in the ordinary course of business), lease, or encumbrance of any of Collateral without prior written consent of Lender; or the making of any levy, seizure, or attachment on or of Collateral which is not removed within 10 days; or (iv) the death of, appointment of guardian for, dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, Debtor, its Subsidiaries or Affiliates ("Affiliate" shall have the meaning as defined in 11 U.S.C. § 101; and "Subsidiary" shall mean any corporation of which more than 50% of the issued and outstanding voting stock is owned directly or indirectly by Debtor), if any, or any general partner of or the holder(s) of the majority ownership interests in Debtor or any party to the Loan Documents.

**SPECIAL PROVISIONS REGARDING TRADEMARKS.** The Collateral includes certain trademarks and/or service marks listed on **Schedule A** attached hereto (the "Trademarks"), along with the goodwill of the business associated therewith, and is the registered owner of the Trademarks and has adopted and is using said Trademarks. The Debtor shall provide any additional documentation requested by Lender to support or confirm the security interest herein granted in such Trademarks. Further, with respect to such Trademarks: (i) The Debtor shall take all action, under both statutory and common law, necessary to perfect title to the Trademarks, to maintain and/or defend the Trademarks, and/or to obtain registration of the Trademarks applied for including, without limitation, the defense of the Trademarks, surveillance of marks owned and/or used by third parties which may be related to the Trademarks and/or diligently prosecuting applications for



registration before the U.S. Patent and Trademark Office and other applicable agencies; (ii) The Debtor shall not, without Lender's written consent, permit the Trademarks to lapse or otherwise abandon the Trademarks; (iii) Upon Default and during the continuance of Default, upon written notice from Lender to Debtor, all of Debtor's right, title and interest in and to the Trademarks, together with the goodwill of the business symbolized by the Trademarks, shall pass to Lender and Debtor shall execute such documents as Lender may deem necessary or desirable to effect passage of title of, or prove Lender's title to and ownership of, the Trademarks. To carry out the provisions of this agreement, the Debtor hereby appoints the Lender, with full power of substitution, as Debtor's attorney-in-fact, with power, in the name of Lender or Debtor, to do, at Lender's option and at Debtor's expense, at any time or from time to time, all acts and things, and execute all documents, which Lender deems necessary or desirable to protect, preserve and realize upon the Trademarks and Lender's security interest herein all as fully and effectually as the Debtor might or could do; and the Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for so long as any of the Obligations shall remain outstanding, however, the rights granted to Lender under this section shall not be exercised except while Debtor is in Default.

**REMEDIES ON DEFAULT (INCLUDING POWER OF SALE).** If a Default occurs, all of the Obligations shall be immediately due and payable, without notice and Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code. Without limitation thereto, Lender shall have the following rights and remedies: (i) to take immediate possession of Collateral, without notice or resort to legal process, and for such purpose, to enter upon any premises on which Collateral or any part thereof may be situated and to remove the same therefrom, or, at its option, to render the Collateral unusable or dispose of said Collateral on Debtor's premises; (ii) to require Debtor to assemble the Collateral and make it available to Lender at a place to be designated by Lender; (iii) to exercise its right of set-off or lender lien as to any monies of Debtor in the control or custody of Lender, without advance notice, regardless of whether such accounts are general or special; (iv) to dispose of Collateral, as a unit or in parcels, separately or with any real property interests also securing the Obligations, in any county or place to be selected by Lender, at either private or public sale (at which public sale lender may be the purchaser) with or without having the Collateral physically present at said sale. Any notice of sale, disposition or other action by Lender required by law and sent to Debtor at Debtor's address shown above, or at such other address of Debtor as may from time to time be shown on the records of Lender, at least 5 days prior to such action, shall constitute reasonable notice to Debtor. Notice shall be deemed given or sent when mailed postage prepaid to Debtor's address as provided herein. Lender shall be entitled to apply the proceeds of any sale or other disposition of the Collateral, and the payments received by Lender with respect to any of the Collateral, to the Obligations in such order and manner as Lender may determine. Collateral that is subject to rapid declines in value and is customarily sold in recognized markets may be disposed of by Lender in a recognized market for such collateral without providing notice of sale.

**REMEDIES ARE CUMULATIVE.** No failure on the part of Lender to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any

single or partial exercise by Lender or any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law, in equity, or in other Loan Documents.

**MISCELLANEOUS.** (i) **Amendments and Waivers.** No waiver, amendment or modification of any provision of this Security Agreement shall be valid unless in writing and signed by an officer of Lender. No waiver by Lender of any Default shall operate as a waiver of any other Default or of the same Default on a future occasion. Neither the failure of, nor any delay by, Lender in exercising any right, power or privilege granted pursuant to this Security Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. (ii) **Assignment.** All rights of Lender hereunder are freely assignable, in whole or in part, and shall inure to the benefit of and be enforceable by Lender, its successors, assigns and affiliates. Debtor shall not assign its rights and interest hereunder without the prior written consent of Lender, and any attempt by Debtor to assign without Lender's prior written consent is null and void. Any assignment shall not release Debtor from the Obligations. This Security Agreement shall be binding upon Debtor, and the heirs, personal representatives, successors, and assigns of Debtor. (iii) **Applicable Law; Conflict Between Documents.** This Security Agreement shall be governed by and construed under the law of the state of Florida without regard to that state's conflict of laws principles. (iv) **Jurisdiction.** Debtor irrevocably agrees to non-exclusive personal jurisdiction in the state named in Lender's address shown above. (v) **Severability.** If any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. (vi) **Notices.** Any notices to Debtor shall be sufficiently given, if in writing and mailed or delivered to the address of Debtor shown above or such other address as provided hereunder; and to Lender, if in writing and mailed or delivered to Lender's office address shown above or such other address as Lender may specify in writing from time to time. In the event that the Debtor changes Debtor's mailing address at any time prior to the date the Obligations are paid in full, Debtor agrees to promptly give written notice of said change of address by registered or certified mail, return receipt requested, all charges prepaid. (vii) **Captions.** The captions contained herein are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provision hereof. The use of the plural shall also mean the singular, and vice versa. (viii) **Loan Documents.** The term "Loan Documents" refers to all documents, whether now or hereafter existing, executed in connection with the Obligations and may include, without limitation and whether executed by Borrower, Debtor or others, commitment letters, loan agreements, guaranty agreements, other security agreements, letters of credit, instruments, financing statements, mortgages, deeds of trust, deeds to secure debt, and any amendments or supplements (excluding swap agreements as defined in 11 U.S.C. § 101). (ix) **Binding Contract.** Debtor by

execution and Lender by acceptance of this Security Agreement, agree that each party is bound by all terms and provisions of this Security Agreement.

**IN WITNESS WHEREOF**, Debtor, on the day and year first written above, has caused this Security Agreement to be executed under seal.

**SNAKE EYES GOLF CLUBS, INC.**

By:   
Harold Hutchins, Managing Officer

(Corporate Seal)

# The United States of America



## CERTIFICATE OF REGISTRATION

This is to certify that the records of the Patent and Trademark Office show that an application was filed in said Office for registration of the Mark shown herein, a copy of said Mark and pertinent data from the Application being annexed hereto and made a part hereof.

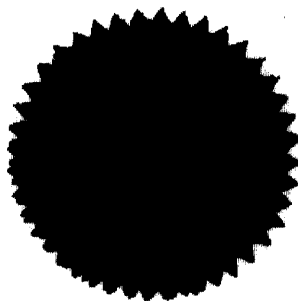
And there having been due compliance with the requirements of the law and with the regulations prescribed by the Commissioner of Patents and Trademarks,

Upon examination, it appeared that the applicant was entitled to have said Mark registered under the Trademark Act of 1946, as amended, and the said Mark has been duly registered this day in the Patent and Trademark Office on the

### PRINCIPAL REGISTER

to the registrant named herein.

This registration shall remain in force for TEN years unless sooner terminated as provided by law.



PTO-136  
(Rev. 6-87)

In Testimony whereof I have hereunto set my hand and caused the seal of the Patent and Trademark Office to be affixed this eighteenth day of April 1998.

Commissioner of Patents and Trademarks

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