

09-27-2000



101473256

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

9.15.00

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Effective Date
Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

09 01 00

Formerly

2357881

- Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)
City State/Country Zip Code

- Individual General Partnership Limited Partnership Corporation Association

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

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Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Ted Golitz

Name of Person Signing

Signature

09/ 7/00

Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

FORM PTO-1618C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

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Trademark Application Number(s)

Registration Number(s)

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SECURITY AGREEMENT

This Security Agreement (the "Agreement") is made and entered into on September , 2000, at Berkeley, California, by and among NewGround Resources, Inc., a Delaware corporation ("Debtor") whose address is 415 West Golf Road, Suite 19, Arlington Heights, Illinois 60005, The Compass Group, dba Stern Marketing Group, a California corporation ("Company"), whose address is 819 Bancroft Way, Berkeley, California 94710, and Charlene Y. Stern and Michael D. Irwin, and each of them (jointly and severally "Secured Party"), whose address is 1016 Grizzly Peak Boulevard, Berkeley, California 94708-1526.

1. For value received, Debtor herein grants to Secured Party a security interest in the personal property described as the name "Stern Marketing Group," and any and all accounts, inventory, machinery, equipment, fixtures, goods, receivables, concept boards, design drawings, chattel paper, and general intangibles owned now or later, in whole or in part, by Company (the "Collateral"). The Collateral is located at and shall continue to be located in the State of California at 819 Bancroft Way, Berkeley, California 94710 or at Company's principal place of business in California (the "premises"). The items comprising the Collateral are defined in this Agreement as said items are defined in the California Commercial Code, and expressly include

any and all of Company's intellectual property rights in Retail University (in whole or in part) and in BANKMALL. The Collateral is deemed and shall remain deemed located at the premises.

2. Secured Party's security interest in the Collateral shall be to secure payment of Six Hundred Thousand Dollars (\$600,000.00), with interest from date on unpaid principal at the initial rate of nine and one-half percent (9.5%) per annum according to the terms and conditions of the Secured Five-Year Promissory Note (the "Note") of even date, which are incorporated herein by this reference as though set forth in full. This Agreement also secures any and all renewals of the Note and the repayment of all sums and amounts that may be advanced or expended by Secured Party for the maintenance or preservation of the Collateral, or any part of the Collateral, in accordance with this Security Agreement.

3. Debtor and Company shall keep the Collateral in good repair and condition, and not misuse, abuse, waste or allow the Collateral to deteriorate, except for normal wear and tear. Debtor and Company shall make the Collateral available for inspection by Secured Party at all reasonable times.

4. Secured Party's security interest in the Collateral shall be perfected by the filing of a UCC-1 financing statement describing the Collateral, and by filing and recording a lien with the U.S. Copyright Office and with the U.S. Patent and Trademark Office.

Security Agreement dated September 1, 2000
page 2 of 11

5. Debtor warrants and represents:

a. Debtor is a corporation duly organized, existing and in good standing under the laws of the State of Delaware.

b. Debtor is authorized to execute and deliver this Agreement. This Agreement is a valid and binding obligation of Debtor. This Agreement creates a perfected, first priority security interest enforceable against the Collateral, and will create a perfected, first priority security interest enforceable against the Collateral which Company hereafter acquires.

6. Debtor promises:

a. to make all payments on the Note to Secured Party when they are due;

b. to pay all expenses, including attorney's fees and costs incurred by Secured Party in the perfection, preservation, realization, enforcement, and exercise of its rights under this Agreement;

c. to indemnify Secured Party against loss of any kind, including reasonable attorney's fees and costs caused to Secured Party by reason of Secured Party's interest in the Collateral;

d. to conduct Company's business efficiently without voluntary interruption;

e. to preserve all rights, privileges and franchises held by Company's business;

f. to keep Company's business property in good repair;

g. to pay all taxes when due so as to avoid a claim

Security Agreement dated September 1, 2000
page 3 of 11

against the Collateral superior to the claim of Secured Party;

h. to give Secured Party notice of any lawsuit and alternate dispute resolution proceeding that may have a materially adverse effect on Company's business;

i. not to sell, lease, transfer or otherwise dispose of the Collateral except, if Debtor is not in default under this Agreement, for cash proceeds of accounts collected in the ordinary course of business, or for sales of inventory in the ordinary course of business;

j. not to permit liens on the Collateral;

k. to maintain fire and extended coverage insurance on the Collateral in the amounts and under policies acceptable to Secured Party, naming Secured Party under a lender's loss payable clause, and to provide Secured Party with the original policies and certificates at Secured Party's request;

l. to perform all acts reasonably and commercially necessary to maintain, preserve and protect the Collateral;

m. to notify Secured Party promptly in writing of any default, potential default, or any development that might have a materially adverse effect on the Collateral, or on the business of Company;

n. to execute and deliver to Secured Party all financing statements and other documents that Secured Party requests, in order to maintain Secured Party's perfected security interest in the Collateral;

Security Agreement dated September 1, 2000
page 4 of 11

c. not to make or agree to make any reduction in the original amount owing on a receivable, or to accept less than the original amount in satisfaction of a receivable, except before default by Debtor under this Agreement, when Debtor may do so in the ordinary course of business and in accordance with its present policies.

7. Debtor shall be in default under this Agreement if:

a. Debtor fails to pay any installment when due under the Note, or fails to pay its entire indebtedness to Secured Party when due, at stated maturity, accelerated maturity, or otherwise, subject to the notice provisions of the Note;

b. Debtor or Company breaches this Agreement, or any future amendment to this Agreement, or any other writing between Debtor and Secured Party evidencing the Note or securing it;

c. any warranty, representation or statement made by or on behalf of Debtor in or with respect to this Agreement is false;

d. the Collateral is lost, damaged or destroyed;

e. there is a seizure of, attachment of, or levy on, the Collateral; or,

f. Company ceases operations, is dissolved, terminates its existence, does or fails to do anything that allows obligations to become due before their stated maturity, or becomes insolvent or unable to meet its debts as they mature.

8. If a default occurs, Secured Party may, without

Security Agreement dated September 1, 2000

page 5 of 11

demand or notice of any kind, exercise any rights and remedies available to it under law or in equity, including any or all of the following:

a. Personally or by agents take immediate possession of any or all of the Collateral. For this purpose Secured Party may pursue the Collateral where it is found and enter the premises, with or without notice, demand, or process of law if this can be done without breach of the peace. If the premises are not under Debtor's direct control, Debtor shall exercise its best efforts to ensure that Secured Party is promptly provided access to the premises. To the extent Debtor's or Company's consent is required before access can be granted, Debtor and Company hereby irrevocably give such consent.

b. Require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. The premises are reasonably convenient to Debtor.

c. Without removing the Collateral, render the Collateral usable and dispose of the Collateral on the premises in accordance with paragraph 9 below.

d. Require Debtor to notify, at its own expense, any parties obligated on or with respect to the Collateral and to direct those parties to make payment to Secured Party of any amounts due or to become due.

e. Bring suit or proceedings in equity, at law or in

Security Agreement dated September 1, 2000
page 6 of 11

bankruptcy, whether for the specific performance of any promise in this Agreement or in execution or aid of any power granted in this Agreement, for foreclosure, for the appointment of a receiver or receivers for the Collateral or any part of it, for recovery of judgment for the indebtedness, or for enforcement of any other legal or equitable remedy available under applicable law.

f. Take control of any proceeds of the Collateral.

g. Exercise all rights and remedies of a secured party under the California Commercial Code.

9. Without limiting the generality of the provisions of paragraph 8 above, if a default occurs, Secured Party may, without demand of performance or any other demand or notice (except the notice specified below of time and place of public or private sale) on or to Debtor and Company or any other person sell, lease, or otherwise dispose of the Collateral or any part of it. Disposition may occur in any manner permitted by law or by contract, in one or more parcels at public or private sale or sales, at such prices as Secured Party may deem best, for cash or on credit.

Secured Party may bid and become the purchaser at any public auction; and, if the Collateral is customarily sold in a recognized market or is the subject of widely or regularly distributed standard price quotations, at any private sale.

If Secured Party is the purchaser, it shall use the

Security Agreement dated September 1, 2000
page 7 of 11

amount of indebtedness of Debtor then due and payable to Secured Party as a credit against the purchase price.

Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor and Company reasonable written notice of the date, place, and time of any public sale, or the date and time after which any private sale or other intended disposition is to be made. The requirements of reasonable notice shall be met if notice is sent by certified mail, return receipt requested, to Debtor at the address shown in this Agreement at least ten days before the date of any public sale or before the date on or after which any private sale or other disposition of the Collateral is to be made. Notice of the time and place of public sale also shall be given by publication in accordance with the California Commercial Code.

A sale of the Collateral may be held at any place designated in the notice. The sale may be adjourned from time to time by announcement at the time and place appointed for the sale, and an adjourned sale may be held without further notice at the time and place announced.

Secured Party shall apply the net proceeds of any sale, lease, or other disposition to the payment in whole or in part of the indebtedness of Debtor to Secured Party, in the order and priority provided by the Note, after first deducting all reasonable costs and expenses of every kind incurred in, or incident-

Security Agreement dated September 1, 2000
page 8 of 11

tal to, retaking, holding, preparing for sale, selling, leasing, or otherwise disposing of the Collateral and all other costs and expenses incurred by Secured Party in connection with the exercise of its rights and remedies under this Agreement, including reasonable attorney fees and costs, and after the payment by Secured Party of any other amount required by any provision of law, including Section 9504(1)(c) of the California Commercial Code. Any surplus remaining shall be paid to Debtor.

If Secured Party proceeds to enforce any right under this Agreement by foreclosure, sale, entry, or otherwise, and those proceedings are discontinued or abandoned or determined adversely, then Debtor and Secured Party shall be restored to their former positions and rights with respect to the Collateral.

10. Debtor and Company hereby irrevocably appoint Secured Party as its attorney-in-fact coupled with an interest to do any act that Debtor or Company is obligated to do by this Agreement, and to exercise such rights and powers as Debtor might exercise with respect to the Collateral. Secured Party shall not be obligated to and shall incur no liability to Debtor or Company or any third party for failure to do any such act, or to exercise any such rights and powers.

11. No waiver by Secured Party of any breach or default will be a waiver of any breach or default occurring later. A waiver will be valid only if it is in writing and signed by Secured Party.

Security Agreement dated September 1, 2000
page 9 of 11

12. Debtor's representations and warranties in this Agreement will survive its execution, delivery and termination.

13. This Agreement shall bind and benefit the successors and assigns of the parties, but Debtor and Company may not assign their respective rights under this Agreement without Secured Party's prior written consent.

14. This Agreement will be governed by the law of the State of California in the same manner as the Note.

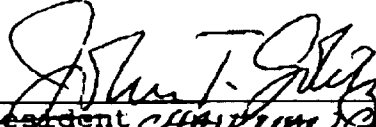
15. This Agreement will terminate when (a) Debtor completes performance of all obligations to Secured Party, including the repayment of all indebtedness by Debtor to Secured Party; (b) Secured Party has no commitment that could give rise to an obligation to Debtor; and (c) Secured Party has notified Debtor in writing of the termination.

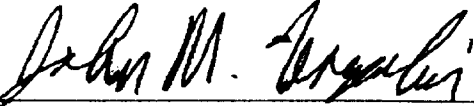
16. This Agreement and the Note are subject to the Stock Purchase Agreement of even date, including without limitation Article 9.3 "Dispute Resolution; Arbitration", and Article 10.1.2.

17. This Agreement and the Note may be amended only in a writing executed by Secured Party, Debtor, and Company which specifically refers to this paragraph of this Agreement.

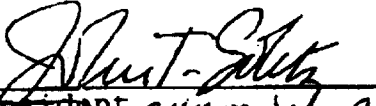
Security Agreement dated September 1, 2000
page 10 of 11


THE COMPASS GROUP, dba STERN MARKETING GROUP,
a California corporation

by 
President *CHARLENE CEC*

by 
Secretary

NEWGROUND RESOURCES, INC.,
a Delaware corporation

by 
President *CHARLENE CEC*

by 
Secretary

SECURED PARTY

Charlene Y. Stern

Michael D. Irwin

Security Agreement dated September 1, 2000
page 11 of 11

THE COMPASS GROUP, dba STERN MARKETING GROUP,
a California corporation

by _____
President


by _____
Secretary


NEWGROUND RESOURCES, INC.,
a Delaware corporation

by _____
President

by _____
Secretary

SECURED PARTY


Charlene Y. Stern


Michael D. Irwin

Security Agreement dated September 1, 2000
page 12 of 12