



04-04-2002



Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

RECORDATION FC TRADEMARKS 102044057

OF COMMERCE Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 3-28-02
 Net Nanny Software International, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State (Yukon Territories)
 Other

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies)
 Name: Bio STV I, LLC
 Internal Address:
 Address:
 Street Address: 14205 SE 36th Street, Suite 100
 City: Bellevue State: WA Zip: 98006

Individual(s) citizenship
 Association
 General Partnership
 Limited Partnership
 Corporation-State
 Other limited liability company - WA

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other

Execution Date: March 15, 2002

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)
75/846,233

B. Trademark Registration No.(s)
#2,153,282 and #1,854,043

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Lasher Holzapfel Sperry & Ebberson
 Internal Address: Attn: David J. Sprinkle
 Street Address: 601 Union Street, #2600
 City: Scattle State: WA Zip: 98101

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$ 90.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
 (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

David J. Sprinkle
 Name of Person Signing

David J. Sprinkle
 Signature

3/27/02
 Date

Total number of pages including cover sheet, attachments, and document: 1

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

04/03/2002 TDIAZ1 00000150 75046233
01 FC:401 40.00 DP
02 FC:402 50.00 DP

TRADEMARK REEL: 002474 FRAME: 0835

Net Nanny Software International, Inc.,
A Yukon Territories corporation
15831 N.E. 8th Street, Suite 200
Bellevue, WA 98008



SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Security Agreement") is entered into as of March 15, 2002, by and between Net Nanny Software International, Inc., a Yukon Territories corporation, located at 15831 N.E. 8th Street, Suite 200, Bellevue, WA 98008 (individually "Net Nanny" or "Debtor") and Bio STV I, LLC, a Washington limited liability company, located at 14205 SE 36th St, Suite 100, Bellevue, WA 98006, ("Secured Party").

RECITALS

A. Net Nanny has borrowed funds from Secured Party pursuant to a \$1,000,000 Multiple Advances Promissory Note dated as of March 15, 2002 (the "Note"). In connection with the Note, Debtor has entered into a Loan Agreement with Secured Party dated as of March 15, 2002 (the "Loan Agreement").

B. As security for its repayment obligations under the Note, Debtor has agreed to grant Secured Party a security interest in all of its intangible assets and certain stock owned by Net Nanny on the terms set forth in this Security Agreement.

NOW, THEREFORE, to that end and in consideration of the premises, covenants and agreements set forth below, and the mutual benefits to be derived from this Security Agreement, and other good and valuable consideration, the parties hereto agree as follows:

1. SECURITY INTEREST.

1.1 **Collateral.** To secure the "Obligation" (as defined below), Debtor hereby transfer, convey, assign, and grant to Secured Party a security interest in all of the following of Debtor's assets (collectively the "Collateral"):

- (a) All of the Debtor's General Intangibles, now existing or hereafter arising or acquired, together with the proceeds therefrom. As used herein, the term "General Intangibles" means all personal property (including things in action) other than goods, accounts, chattel paper, documents, instruments, and money, and includes, but is not limited to, business records, deposit accounts, inventions, intellectual property (including source codes), designs, patents, patent applications, trademarks, trademark applications, trademark registrations, service marks, service mark applications, service mark registrations, trade names, goodwill, technology, know how, confidential information, trade secrets, customer lists, supplier lists, copyrights, copyright applications, copyright registrations, licenses, permits, franchises, tax refund claims, and any letters of credit, guarantee claims, security interests, or other

security held by the Debtor. Without limiting the generality of the foregoing, General Intangibles specifically includes the trademark and patent rights set forth on Exhibit A attached hereto, and the licenses set forth on Exhibit B attached hereto.

- (b) Net Nanny's right, title and interest in and to 1,000,000 shares of common stock of Musicrypt.com Inc., a Canadian corporation, evidenced by Certificate No. _____, together with the proceeds therefrom.

1.2 **Possession for Perfection.** Secured Party may choose to perfect its security interest by possession in addition to filing a financing statement.

2. **OBLIGATION.** This security interest is given as security for all indebtedness and obligations owed by Debtor to Secured Party, whether now existing or hereafter incurred, under this Security Agreement or the Note, together with all extensions, modifications, or renewals thereof (hereinafter referred to, collectively, as the "Obligation").

3. **PROCEEDS.** As used in this Security Agreement, the term "proceeds" means all products of the Collateral and all additions and accessions to, replacements of, insurance or condemnation proceeds of, and documents covering any of the Collateral, all property received wholly or partly in trade or exchange for any of the Collateral, all leases of any of the Collateral, and all rents, revenues, issues, profits, and proceeds arising from the sale, lease, license, encumbrance, collection, or any other temporary or permanent disposition, of any of the Collateral or any interest therein.

4. **TITLE.** Debtor warrants that, except as previously disclosed in writing to Secured Party, they are the owners of the Collateral free and clear of all liens, claims, and encumbrances of whatever kind or nature. Debtor covenants that so long as any portion of the Obligation remains unpaid, Debtor will not execute or file a financing statement or security agreement covering the Collateral to anyone other than Secured Party, except in the ordinary course of business or as otherwise allowed.

5. **CARE OF COLLATERAL.** Debtor will keep in effect all licenses, permits and franchises required by law or contract relating to Debtor's businesses, property, or the Collateral; at all times warrant and defend Debtor's ownership and possession of the Collateral keep the Collateral free from all liens, claims, encumbrances and security interests; pay when due all taxes, license fees, and other charges upon the Collateral or upon Debtor's businesses, property or the income therefrom; and not misuse, conceal or in any way use or dispose of the Collateral unlawfully or contrary to the provisions of this Security Agreement or of any insurance coverage. Loss of, damage to, or uncollectability of the Collateral or any part thereof will not release Debtor from any of its obligations hereunder.

In the event that Debtor has registered copyrights, trademarks or patents then the security interest herein shall be recorded with the U.S. Copyright and Patent and Trademark Offices. If the copyright material is still in progress, then Debtor shall register the any work or other copyrightable material as soon as the work is finished.

6. **DEFAULT.** A default hereunder will occur if any of the following events occur: (1) Debtor fails to pay any portion of the Obligation when due; (2) Debtor fails to perform any undertaking or materially breach any warranty or covenant in this Security Agreement, the Loan Agreement or the Note; (3) any statement, representation or warranty of Debtor under this Security Agreement, the Loan Agreement or the Note is untrue in any material respect when made; (4) Debtor becomes insolvent or unable to pay debts as they mature or make an assignment for the benefit of creditors or any proceeding is

instituted by or against them alleging that they are insolvent or unable to pay its debts as they mature; (5) dissolution of the Debtor; (6) an attachment, garnishment, execution or other process is issued or a lien filed against any property of Debtor, which is not removed within a reasonable period of time; and (7) Debtor transfers an interest in any of the Collateral contrary to the provisions of this Security Agreement without the prior written consent of Secured Party other than in the ordinary course of business. Waiver of any default will not constitute a waiver of any other or subsequent default.

7. REMEDIES. Upon the occurrence of any default hereunder at any time thereafter, all of the Obligation will, at the election of Secured Party and without notice of such election, or demand for payment, become immediately due and payable and Secured Party will have the remedies of a secured party under the Washington Uniform Commercial Code or other applicable law.

7.1 **Marshaling; Payments Set Aside**. Secured Party shall be under no obligation to marshal any assets in favor of Debtor or any other Person or against or in payment of any or all of the Obligations. To the extent that Debtor makes a payment or payments to Secured Party or Secured Party enforces its security interests or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state, federal or foreign law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made. or such enforcement or setoff had not occurred.

7.2 **Appointment of Receiver**. Upon the occurrence of a Default, Secured Party shall have the right to appoint any Person to be an agent or any Person to be a receiver, manager or receiver and manager (the "Receiver") of the Collateral and to remove any Receiver so appointed and to appoint another if Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement will have all of the powers of Secured Party hereunder, and in addition, will have the power to carry on the business of Debtor. The Receiver will be deemed to be the agent of Debtor for the purpose of establishing liability for the acts or omissions of the Receiver and Secured Party will not be liable for such acts or omissions and, without restricting the generality of the foregoing, Debtor hereby irrevocably authorizes Secured Party to give instructions to the Receiver relating to the performance of its duties as set forth herein.

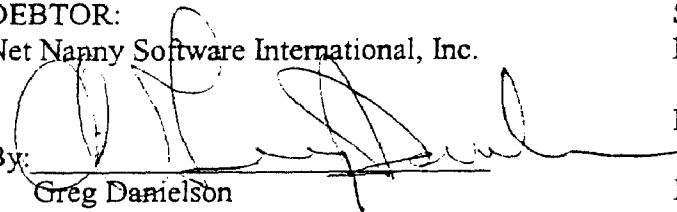
8. COSTS AND ATTORNEYS' FEES. Debtor promises to pay, upon the Secured Party's demand therefor, all costs and expenses, including attorneys' fees, incurred in the collection and enforcement of this Agreement, including, without limitation, fees incurred in bankruptcy proceedings. If any party hereto shall bring any suit, arbitration or other action against another for relief, declaratory or otherwise, arising out of this Agreement, the prevailing party shall have and recover against the other party, in addition to all court costs, expert witness fees and other disbursements, such sum as the court or arbiter may determine to be a reasonable attorney's fee, and such recovery may include reasonable fees and costs incurred in connection with the matter but prior to the commencement of the action.

9. GENERAL. The waiver by Secured Party of any breach of any provision of this Security Agreement or warranty or representation herein set forth will not be construed as a waiver of any subsequent breach. The failure to exercise any right hereunder by Secured Party will not operate as a waiver of such right. All rights and remedies herein and in the Loan Agreement and Note are cumulative. Debtor may not assign their rights or delegate their duties hereunder without Secured Party's written consent. This Security Agreement may not be altered or amended except by a writing signed by all the parties hereto. This Security Agreement will be governed by and construed and interpreted in accordance

with the laws of the State of Washington without giving effect to principles and provisions thereof relating to conflict or choice of laws, irrespective of the fact that any one of the parties is now or may become a resident of a different state or country. Venue for any action under this Agreement shall lie in King County, Washington. Any provision hereof found to be invalid would not invalidate the remainder. All words used herein will be construed to be of such gender and number as the circumstances require. This Security Agreement binds Debtor, its successors and assigns, and inures to the benefit of Secured Party, its successors and assigns. Debtor hereby voluntarily and irrevocably waive its right to jury trial in any action, proceeding, or counterclaim brought by Debtor or the Secured against the other, and represents that they have had reasonable access to counsel of its choosing in determining to execute this Agreement and all of its terms.

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first written above.

DEBTOR:
Net Nanny Software International, Inc.

By: 
Greg Danielson
Its: Chief Financial Officer

SECURED PARTY:
Bio STV I, LLC

By: Seattle Technology Ventures
Management, LLC
Its: Managing Member

By: 
David LaDow, Its Manager

If Debtor is entity created by filing, state
of organization and state organization number:
_____ (state) _____ (number)

EXHIBIT A TO SECURITY AGREEMENT
NET NANNY SOFTWARE INTERNATIONAL, INC.
and
BIOPASSWORD SECURITY SYSTEMS, INC.



Intellectual Property

OWNER	MARK/PATENT/ COPYRIGHT	REGISTRATION #
USPTO		
Net Nanny Software International Inc.	NET NANNY (Design plus words, letters and/or numbers)	# 2153282
	PC NANNY (Typed Drawing)	Serial # 75846233
BioPassword Security Systems, Inc.	BIOPASSWORD (Typed Drawing)	#1854043
International Bioaccess Systems Corporation	Method and apparatus for verifying an individual's identity	Patent # 4,805,222
CIPO		
Net Nanny Software International, Inc.	Net Nanny & Design	TMA472200
	PC NANNY	TMA512824
BioPassword Security Systems, Inc.	BIOPASSWORD	TMA432143
US COPYRIGHT OFFICE		
International BioMetric Systems, Inc.	BioPassword model 2100 user manual	TXu-461-084
	BioPassword model 2100 superuser manual	TXu-461-726
	BioPassword 2100 hardware installation manual	TXu-463-958
acInternational Biometric Systems, Inc.	Biolan "C" code	TXu-482-176
Biopassword Security	Biopass "C" code	TXu-494-067

Systems, Inc.		
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EXHIBIT B TO SECURITY LOAN AGREEMENT

Integrator/Partner Agreements

Checco
Netegrity
Novell
Authentor
Bioconx

Software Licenses

Musicrypt
TouchCredit
Kaiser Permanente
FunLotto
Symetric Sciences
S&I
Lipid Sciences
Department of Defense (Tzeng)
SPAWAR
Gordon Ross
MDB Capital

Reseller Agreements

JFS
Innovations Network
NorthWind
Macmillan Distribution/Pearson Ltd.
Crystal Solutions
RossCAD
YZA Technologies
ArrowTOP
S&I - Reseller
Wildspace
OptiSec Ltd.
element 5
ABT Advanced Biometric Tech.
Softwair
Arrow Electronics
Mannacom
Digital River

TRADEMARK

RECORDED: 03/28/2002

REEL: 002474 FRAME: 0842