

06-10-2002

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



102116735

U.S. DEPARTMENT OF COMMERCE U.S. Patent and 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):

Elumens Corporation (f/k/a Alternate Realities Corporation)

6-3-02

- Individual(s), General Partnership, Corporation-State, Other Delaware, Association, Limited Partnership

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

3. Nature of conveyance:

- Assignment, Security Agreement, Other, Merger, Change of Name

Execution Date: 4/19/2002

2. Name and address of receiving party(ies)

Name: See Attached

Internal Address: See Attached

Street Address:

City: State: Zip:

- Individual(s) citizenship, Association, General Partnership, Limited Partnership, Corporation-State, Other

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

OFFICE OF FINANCIAL INSTITUTIONS FINANCE SECTION

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

A. Trademark Application No.(s) 76/011365, 76/011366, 76/011368

B. Trademark Registration No.(s) 1,987,133

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Brian G. Jenkins

Internal Address: Hutchison & Mason PLLC

06/07/2002 TDIAG1 00000115 76011365

D1 FC:481 40.00/OP D2 FC:482 75.00/OP

Street Address: 3110 Edwards Mill Road Suite 100

City: Raleigh State: NC Zip: 27612

6. Total number of applications and registrations involved:

4

7. Total fee (37 CFR 3.41) \$ 115.00

- Enclosed, Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Brian G. Jenkins Name of Person Signing

Signature

May 17, 2002 Date

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

15

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

TRADEMARK REEL: 002521 FRAME: 0978

SECURED PARTIES

Southeast Interactive Technology Funds III, LP
630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

Limited Partnership

Southeast Euro Interactive Technology Funds III, LP
630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

Limited Partnership

Southeast Interactive Affiliates Funds III, LP
630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

Limited Partnership

Newlight Associates, LP
500 North Broadway, Suite 144
Jericho, New York 11753

Limited Partnership

Newlight Associates (BVI), LP
500 North Broadway, Suite 144
Jericho, New York 11753

Limited Partnership

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "**Security Agreement**") is made and entered into as of April 24, 2002 (the "**Effective Date**") by and between Elumens Corporation, a Delaware corporation (the "**Company**"), and the holders of the Company's Secured Convertible Promissory Notes (the "**Secured Notes**") listed on **Exhibit A** hereto (each, a "**Secured Party**" and together, the "**Secured Parties**").

1. Creation of Security Interest; Term; Subordination. The Company hereby grants to the Secured Parties a security interest in the Collateral (as defined below) of this Security Agreement to secure the performance and payment of all obligations and indebtedness of the Company arising from the Secured Notes issued to the Secured Parties, including, but not limited to, the obligations and indebtedness of the Company to the Secured Parties described in Section 3 of this Security Agreement (collectively, the "**Indebtedness**"). This Security Agreement shall terminate upon the full performance, payment and satisfaction of the Indebtedness, including the conversion or repayment of the Secured Notes. Until termination of this Agreement, the Secured Parties' security interest in the Collateral, and all proceeds and products thereof, shall continue in full force and effect.

2. Collateral. In order to secure the payment when due and of any and all Indebtedness, the Company hereby pledges to the Secured Parties and grants to the Secured Parties a security interest in and the following property and interests of the Company: all right, title and interest of the Company in and to all personal property of the Company, including all intellectual property, equipment, inventory, contract rights and accounts of the Company and other general intangibles, together with all accessions thereto, all substitutions and replacements therefore, and all proceeds and products of the foregoing including, without limitation, insurance proceeds (collectively, the "**Collateral**").

3. Payment Obligations of the Company.

(a) The Company shall pay to the Secured Parties any amount or amounts due or which may become due pursuant to the Secured Notes and the terms of this Security Agreement and any and all renewals, rearrangements or extensions of such Secured Notes. The Company and Secured Parties acknowledge the original principal amounts set forth on **Exhibit A** initially reflect only those Secured Notes issued to each Secured Party on the date hereof. The Secured Parties may purchase additional Secured Notes from the Company in the future, and it is the intent of all parties to this Security Agreement that the secured interest created hereby shall secure performance and payment of all such Secured Notes and any and all obligations and indebtedness of the Company arising from the sale of such Secured Notes. In the event that the Secured Parties purchase additional Secured Notes from the Company in the future, the parties agree that **Exhibit A** shall be updated to reflect such purchase(s).

(b) The Company shall account fully and faithfully to the Secured Parties for proceeds from disposition of the Collateral in any manner and, following an Event of Default (as defined below) hereunder, shall pay or turn over promptly in cash, negotiable instruments, drafts,

assigned accounts or chattel paper all the proceeds from each sale to be applied to the Indebtedness, subject, if other than cash, to final payment or collection. Application of such proceeds to the Indebtedness shall be in the sole discretion of the Secured Parties, provided such application of proceeds is made by the Secured Parties in a reasonable manner.

(c) Following an Event of Default hereunder or under the Secured Notes, the Company shall pay to the Secured Parties on demand all reasonable expenses and expenditures (including, but not limited to, reasonable fees and expenses of legal counsel) incurred or paid by the Secured Parties in exercising or protecting their interests, rights and remedies under this Security Agreement, plus interest thereon at the lesser of (i) fourteen percent (14%) per annum or (ii) the highest rate of interest then allowed by law.

(d) The Company shall pay immediately the entire unpaid Indebtedness upon the Company's default under Section 5 of this Security Agreement.

4. Representations, Warranties and Agreements of the Company.

(a) Except for (i) the security interest granted to pursuant to the Amended and Restated Loan and Security Agreement by and between the Company and Comerica Bank-California, and (ii) the security interest granted in this Security Agreement, no financing statement covering the Collateral or its proceeds is on file in any public office and there is no lien, security interest or encumbrance in or on the Collateral (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Company's ownership or use of the Collateral and (ii) are junior to and do not adversely affect the security interest granted hereunder to the Secured Parties.

(b) The Collateral shall remain in the Company's possession or control at all times at the Company's risk of loss until sold, licensed or otherwise disposed of in the ordinary course of business, provided that the Secured Parties shall be granted a security interest in the proceeds and other consideration received for such Collateral that is subordinate to those security interests specified in paragraph (b) above.

(c) Until an Event of Default, the Company may use the Collateral in any lawful manner not inconsistent with this Security Agreement or with the terms or conditions of any policy of insurance thereon and may also sell, license or otherwise dispose of the Collateral in the ordinary course of business. The Secured Parties' security interest shall attach to all proceeds of sale, licenses and other dispositions of the Collateral.

(d) The Company shall pay prior to delinquency all material taxes, charges, liens and assessments against the Collateral except those the Company is contesting in good faith or for which adequate accruals have been made, and upon the Company's failure to do so after ten (10) days' prior written notice, the Secured Parties at their option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the Indebtedness secured by this Security Agreement and shall be paid to the Secured Parties by the Company immediately and without demand, with interest thereon at the rate set forth in Section 3(c) hereof.

(e) The Company shall, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as the Secured Parties may at any time reasonably request to protect, assure or enforce their interests, rights and remedies created by, provided in or emanating from this Security Agreement. The Company shall execute financing statements and take whatever other actions are requested by the Secured Parties to perfect and continue the Secured Parties' security interests in the Collateral.

(f) Except in the ordinary course of business, the Company shall not sell, lend, license, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by the Secured Parties, and the Company shall keep the Collateral, including the proceeds thereof, free from unpaid charges, including taxes, and from liens, encumbrances and security interests other than that of the Secured Parties and those specified in paragraph (b) above (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Company's ownership or use of the Collateral and (ii) are junior to and do not adversely affect the security interest granted hereunder to the Secured Parties).

(g) The Company shall at all times keep accurate and complete records of the Collateral and its proceeds.

(h) The Company is the owner of the Collateral free of all liens, claims and encumbrances, except as created by this Security Agreement and (i) the security interests described in paragraph (b) above and (ii) the security interest granted in favor of the Secured Parties (except such encumbrances and liens which arise in the ordinary course of business and both (i) do not materially impair the Company's ownership or use of the Collateral and (ii) are junior to and do not adversely affect the security interest granted hereunder to the Secured Parties).

5. Events of Default. The Company shall be in default under this Security Agreement upon the happening of any default as defined in Section 4 in the Secured Notes (each, an "**Event of Default**").

6. Secured Parties' Rights and Remedies.

(a) Rights Exclusive of Default.

i. The Secured Parties may enter the Company's premises at any reasonable time without interruption of the Company's business and without any breach of the peace to inspect the Collateral and the Company's books and records pertaining to the Collateral, and the Company shall assist the Secured Parties in making any such inspection.

ii. The Secured Parties may execute, sign, endorse, transfer or deliver in the name of the Company, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents, necessary to evidence, perfect or upon an Event of Default, realize upon the security interest and obligations created by this Security Agreement.

iii. At their option, the Secured Parties may agree to discharge taxes, liens or security interests in or other encumbrances at any time levied or placed on the Collateral, may pay for the insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. The Company agrees to reimburse the Secured Parties on demand for any payment made, or expense incurred by the Secured Parties on demand for any payment made, or expense incurred by the Secured Parties pursuant to the foregoing authorization, plus interest thereon at the rate set forth in Section 3(c) hereof, and shall indemnify and hold the Secured Parties harmless from and against liability in connection therewith.

(b) Rights in Event of Default. In addition to any other rights which the Secured Parties may have at law or hereunder, upon the occurrence and during the continuation of an Event of Default, the Secured Parties may:

i. Declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a "secured party" under the Uniform Commercial Code in effect in the local jurisdiction where the Collateral is located, including, without limitation, the right to sell, lease, transfer, license or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose the Secured Parties may enter any premises on which the Collateral or any part thereof may be situated and remove the same therefrom, so long as the same may be accomplished without a breach of the peace. The Secured Parties may require the Company to assemble the Collateral and make it available to the Secured Parties at a place to be designated by the Secured Parties which is reasonably convenient to the party. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Parties shall send the Company reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is given to the Company at least ten days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include the Secured Parties' reasonable fees and expenses (including, but not limited to, reasonable fees and expenses of legal counsel), the Company agrees to pay such reasonable fees and expenses, plus interest thereon at the rate set forth in Section 3(c) hereof. The Company shall remain liable for any deficiency hereunder or under the Secured Notes;

ii. Notify the account of debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by the Company to the Secured Parties as proceeds to pay the Secured Parties directly;

iii. Demand, sue for, collect or make any compromise or settlement with reference to the Collateral as the Secured Parties, in their sole discretion, choose; and

iv. Remedy any default and may waive any default without waiving or being deemed to have waived any other prior or subsequent default.

7. Miscellaneous.

(a) Notices. Any notice required or permitted by this Security Agreement shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be

(h) Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Company or the Secured Parties upon any breach, default or noncompliance of the Secured Parties, or the Company under this Security Agreement, shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default, or noncompliance, or any acquiescence therein, or of any similar breach, default, or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on the part of the Company or the Secured Parties of any breach, default, or noncompliance under this Security Agreement or any waiver on the Company's or the Secured Party's part of any provisions or conditions of this Security Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing and that all remedies, either under this Security Agreement, by law, or otherwise afforded to the Company and the Secured Parties, shall be cumulative and not alternative.

(i) Amendment and Waiver. Any term of this Security Agreement may be amended only with the written consent of the Company and the Secured Parties representing at least two-thirds (2/3) of the aggregate principal amounts of all then outstanding Secured Notes sold under the Purchase Agreement. Any amendment or waiver effected in accordance with this Section 7(i) shall be binding upon the Company, all Secured Parties, and each transferee of the Notes. Any waiver by the Company or the Secured Parties of a breach of any provision of this Security Agreement shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Security Agreement. The failure of the Company or the Secured Parties to insist upon strict adherence to any term of this Security Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Security Agreement. By acceptance hereof, the Secured Parties acknowledge that in the event the required consent is obtained, any term of this Security Agreement may be amended or waived with or without the consent of the Secured Parties.

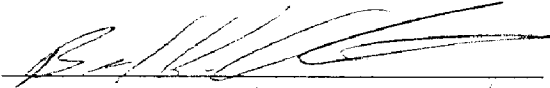
(j) Appointment of Agent. A designee of Southeast Interactive Technology Funds ("**Agent**") is hereby appointed as agent for the Secured Parties and authorized to exercise, on behalf of the Secured Parties, all authority and rights granted to the Secured Parties pursuant to this Security Agreement. Such exercise shall require the written consent of the holders of at least two-thirds of the aggregate outstanding principal amount of the Secured Notes. The Secured Parties jointly and severally agree to indemnify and hold Agent harmless from and against any loss, claim or liability that may arise as a result of Agent's acts in accordance with the provisions of this Security Agreement, except to the extent due to negligence or misconduct on the part of the Agent, or its failure to follow the instructions contained in this Security Agreement.

(k) Entire Agreement. This Security Agreement, together with the Secured Notes, constitutes the full understanding between the parties hereto with respect to the subject matter hereof, and no statements, written or oral, made prior to or at the signing hereof shall vary or modify the terms hereof.

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

DEBTOR:

ELUMENS CORPORATION

By: 
Name: BRAD K. CHASTEEN
Title: PRESIDENT/COO

Address: 1100 Crescent Green
Suite 211
Cary, NC 27511

[Signature pages of Secured Parties follow]

SEPARATE SIGNATURE PAGE

ELUMENS CORPORATION

Security Agreement

by and among the undersigned and the other parties thereto

April 29, 2002

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

**SOUTHEAST INTERACTIVE TECHNOLOGY
FUNDS III, LP**

By: 
Steve Rakes, General Partner

Address: 630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

SEPARATE SIGNATURE PAGE

ELUMENS CORPORATION


Security Agreement

by and among the undersigned and the other parties thereto

April 29, 2002

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**SOUTHEAST EURO INTERACTIVE
TECHNOLOGY FUNDS III, LP**

By: 
Steve Rakes, General Partner

Address: 630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

SEPARATE SIGNATURE PAGE

ELUMENS CORPORATION

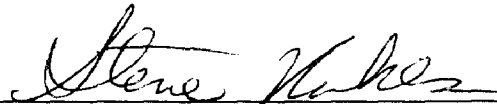
Security Agreement

by and among the undersigned and the other parties thereto

April 29, 2002

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

**SOUTHEAST INTERACTIVE AFFILIATES
FUNDS III, LP**

By: 
Steve Rakes, General Partner

Address: 630 Davis Drive, Suite 220
Morrisville, North Carolina 27560

SEPARATE SIGNATURE PAGE

ELUMENS CORPORATION

Security Agreement

by and among the undersigned and the other parties thereto

April 29, 2002

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

NEWLIGHT ASSOCIATES, LP

By: Robert M. Brill
Robert M. Brill, General Partner

Address: 500 North Broadway, Suite 114
Jericho, New York 11753

SEPARATE SIGNATURE PAGE

ELUMENS CORPORATION

Security Agreement

by and among the undersigned and the other parties thereto

April 29, 2002

IN WITNESS WHEREOF, the undersigned parties have executed this Security Agreement on and as of the Effective Date.

NEWLIGHT ASSOCIATES (BVI), LP

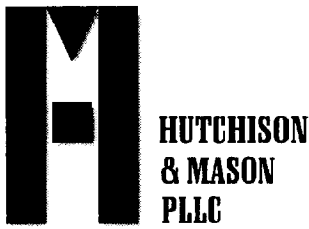
By: Robert M. Brill General Partner
Robert M. Brill, General Partner

Address: 500 North Broadway, Suite 114
Jericho, New York 11753

EXHIBIT A

SECURED PARTIES

<u>Lender</u>	<u>Original Principal Amount of Notes</u>
Southeast Interactive Technology Funds III, LP 630 Davis Drive, Suite 220 Morrisville, North Carolina 27560	\$341,937.50
Southeast Euro Interactive Technology Funds III, LP 630 Davis Drive, Suite 220 Morrisville, North Carolina 27560	\$231,875.00
Southeast Interactive Affiliates Funds III, LP 630 Davis Drive, Suite 220 Morrisville, North Carolina 27560	\$51,187.50
Newlight Associates, LP 500 North Broadway, Suite 144 Jericho, New York 11753	\$305,500.00
Newlight Associates (BVI), LP 500 North Broadway, Suite 144 Jericho, New York 11753	\$194,500.00
TOTAL	\$1,125,000.00



**HUTCHISON
& MASON
PLLC**

*bjenkins@hutchlaw.com
(919) 829-4301*

May 17, 2002

VIA EXPRESS MAIL EL874283575US

Commissioner of Patents and Trademarks
BOX: ASSIGNMENTS
Washington, D.C. 20231

Re: Notice of Recordation for Trademarks:
Registered Trademark 1,987,133 - VISIONDOME
Application Serial Number 76/011365 - VISIONSTATION
Application Serial Number 76/011368 - TRUTHETU
Application Serial Number 76/011366 - ELUMENS

Dear Commissioner:

Enclosed please find the following documents:

- (1) Form PTO-1594;
- (2) Copy of the Security Agreement;
- (3) A check in the amount of \$115.00 to cover the recordation fees;
- (4) A self-addressed, stamped return postcard.

Please record this security agreement of Elumens Corporation to Southeast Interactive Technology Funds III, LP, Southeast Euro Interactive Technology Funds III, LP, Southeast Interactive Affiliates Funds III, LP, Newlight Associates, LP and Newlight Associates (BVI), LP.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brian Jenkins', written in a cursive style.

Brian Jenkins
Attorney for Applicant

Enclosures
cc: Merrill M. Mason (without enclosures)



bjenkins@hutchlaw.com
(919) 829-4301

June 3, 2002

VIA EXPRESS MAIL EL874283575US

Commissioner of Patents and Trademarks
BOX: ASSIGNMENTS
Washington, D.C. 20231

Re: Notice of Recordation for Trademarks:
Registered Trademark 1,987,133 - VISIONDOME
Application Serial Number 76/011365 - VISIONSTATION
Application Serial Number 76/011368 - TRUTHETU
Application Serial Number 76/011366 - ELUMENS

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Thank you for your attention to this matter.

Sincerely,

Brian Jenkins
Attorney for Applicant

Enclosures

cc: Mary Flannigan
Merrill M. Mason (without enclosures)