

08-02-2002

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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102176501

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):
MIRACHEM CORPORATION,
an Arizona corporation

7.30.02

- Individual(s)
- General Partnership
- Corporation-State
- Other _____
- 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: _____

2. Name and address of receiving party(ies)

Name: Mark V International, L.L.C.

Internal Address: SAME AS BELOW

Street Address: 6112 North Nauni Valley Drive

City: Paradise Valley State: AZ Zip: 85253

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

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

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

A. Trademark Application No.(s) _____

B. Trademark Registration No.(s) 1,578,513

Additional number(s) attached Yes No

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

Name: Tabatha A. LaVoie, Esq.

Internal Address: Sacks Tierney P.A.

7047 East Greenway Parkway, #150

Scottsdale, Arizona 85254

Street Address: Same As Above

City: _____ State: _____ Zip: _____

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41).....\$ 140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.

Tabatha A. LaVoie
Name of Person Signing

Tabatha A. LaVoie
Signature

July 19, 2002
Date

18

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

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

08/01/2002 GT0N11 00000185 1578513

01 FC:481 40.00 OP
02 FC:482 100.00 OP

TRADEMARK
REEL: 002553 FRAME: 0763

**RECORDATION FORM COVER SHEET
TRADEMARKS ONLY**

ATTACHMENT

4.B Trademark Registration Numbers (continued):

1,242,484

2,130,215

2,039,828

2,118,718

PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT (this "Agreement") is made this 17th day of July, 2002 ("Effective Date"), by and between **INNOVATIVE ENVIRONMENTAL PRODUCTS, INC.**, an Arizona corporation ("IEPAZ"), **MIRACHEM CORPORATION**, an Arizona corporation ("Mirachem"), **PATRICK J. DOUGHTY** ("Doughty" or "Pledgor"), and **MARK V INTERNATIONAL, L.L.C.**, an Arizona limited liability company ("MarkV" or "Secured Party").

RECITALS

A. IEPAZ, Mirachem, Doughty and MarkV are parties to the Master Transaction Agreement dated June 26, 2002 ("Master Agreement").

B. Pursuant to the Master Agreement, Mirachem is indebted to Secured Party in the principal amount of \$162,976.94, and Doughty is indebted to Secured Party in the principal amount of \$1,250,000 (together the "Indebtedness").

C. The parties desire to enter into this Agreement to formalize their understanding with respect to the Indebtedness.

D. The parties desire that the Indebtedness be secured by: (i) the assets of IEPAZ and Mirachem, including, without limitation, those assets listed on Exhibit A attached hereto (ii) all of the Mirachem Trademarks listed on Exhibit B attached hereto, and (iii) all of Pledgor's stock in IEPAZ, Mirachem, and Now Products, an Arizona corporation ("Now Products") all in accordance with this Agreement, the Master Agreement, the Doughty Note and the Mirachem Note (collectively, referred to herein as the "Transaction Documents").

E. As security for the Indebtedness, IEPAZ, Mirachem and Doughty are willing to give Secured Party a security interest in the instruments hereinafter described.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. SECURITY INTEREST.

a. Pledgor grants to Secured Party a security interest in all of the shares of stock in IEPAZ, Mirachem and Now Products now owned or hereafter acquired by Pledgor ("Pledged Stock"), including, any right, title and interest of Pledgor in and to all dividends, interest, rights, income, or other benefits arising out of or pertaining to the Pledged Stock, and any replacements or all substitutions therefor, all proceeds from its sale, and all securities issued with respect thereto as a result of any stock dividend, stock split, warrants or other rights, reclassification, readjustment or other change in the capital structure of IEPAZ, Mirachem or Now Products, and the securities of any corporation or other properties received upon the conversion or exchange thereof pursuant to any merger, consolidation, reorganization, sale of

assets or other agreement or received upon any liquidation of IEPAZ, Mirachem, Now Products, or such other corporation; and

b. Except for the security interest in the inventory of IEPAZ and the accounts receivable of Mirachem held by Cee and Gee Funding, Inc., dba TLD Funding Group, an Arizona corporation ("TLD"), pursuant to the Agreement and Release dated July 17, 2002, IEPAZ and Mirachem hereby grant to Secured Party a security interest in all of the properties and interests described below (collectively, the Pledged Stock and the following are the "Collateral"):

(i) All accounts (other than accounts receivable), contract rights, instruments, documents, chattel paper, general intangibles, (including, but not limited to, trademarks, tradenames, patents, copyrights and all other forms of intellectual property); all collateral securing any of the foregoing; all deposit accounts, special and general, whether on deposit with Secured Party or others;

(ii) All equipment used in the business (other than the Los Angeles parts washers to be sold to FRS Environmental) now owned or hereafter acquired, some of which are listed on Exhibit A attached hereto, and all furniture, fixtures, furnishings, vehicles, machinery, materials and supplies, wherever located, together with all parts, accessories, attachments, additions thereto or replacements therefor, none of which IEPAZ or Mirachem is authorized to sell, lease or otherwise dispose of without the written consent of Secured Party. All warranty and other claims against any vendor or lessor of any of the foregoing;

(iii) The Mirachem Trademarks listed on Exhibit B attached hereto;

(iv) All cash and non-cash proceeds of any of the foregoing, in whatever form (including proceeds in the form of equipment or any other form of personal property), including proceeds from proceeds; and

(v) All investment property.

2. OBLIGATIONS SECURED. This Agreement and the rights hereby granted shall secure the following obligations ("Obligations"):

a. Payment of the Indebtedness and any collection costs and attorneys' fees, according to the terms of this Agreement and the Transaction Documents;

b. The observance and performance by IEPAZ and Mirachem of all of the terms, provisions, covenants, and obligations on their respective part to be observed or performed under this Agreement and the Transaction Documents; and

c. The observance and performance by Doughty of all of the terms, provisions, covenants, and obligations on his part to be observed or performed under this Agreement and the Transaction Documents.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF MIRACHEM AND DOUGHTY. IEPAZ, Mirachem and Doughty, jointly and severally, represent, warrant, and covenant that:

a. Each of IEPAZ and Mirachem (i) is a corporation duly organized and validly existing under the laws of the State of Arizona, (ii) is qualified to do business under the laws of the state in which the Collateral is located and in each state in which it is doing business, (iii) has full power and authority to own its properties and assets and to carry on its business as now conducted, and (iv) is fully authorized to execute and deliver this Agreement and the Transaction Documents, and to enter into any transactions contemplated hereby and thereby. The execution, delivery and performance by IEPAZ and Mirachem of this Agreement, the Transaction Documents, and any instruments relating to the Obligations will not result in any breach of the terms and conditions or constitute a default under any agreement or instrument to which IEPAZ or Mirachem is a party or by which IEPAZ or Mirachem is obligated or bound. IEPAZ and Mirachem are not in default in the performance or observance of any covenants, conditions or provisions of any such agreement or instrument.

b. The Collateral is negotiable and transferable to Secured Party;

c. Except for the Pledged Stock, IEPAZ and Mirachem are the owners of all of the Collateral subject only to those security interests, liens or other encumbrances specifically listed on Exhibit C attached hereto and the Financing Statement that will be recorded upon execution of this Agreement;

d. Except for the Pledged Stock, IEPAZ and Mirachem have the right, power and authority to convey good and marketable title to all of the Collateral;

e. Except for those shares of stock purchased from MarkV ("MarkV Stock"), pursuant to the Transaction Documents, the Pledged Stock is duly and validly issued and outstanding as of the Effective Date. The MarkV Stock is subject to payment in full of the Doughty Note and the performance of the obligations under the Transaction Documents.

f. Pledgor has or will have good and marketable title to the Pledged Stock. Pledgor has the right, power and authority to pledge and convey the Pledged Stock in favor of Secured Party. The Pledged Stock is represented by the following stock certificates:

IEPAZ stock certificates 5 and 8;

Mirachem stock certificates 13 and 16; and

Now Products stock certificates 5 and 8

g. Contemporaneously with the execution of this Agreement, Pledgor shall deliver to Secured Party the original certificates for the Pledged Stock, together with appropriate stock transfer powers therefor duly executed in blank by Pledgor, subject to only those security interests, liens or other encumbrances specifically listed on Exhibit C attached hereto and the Financing Statement that will be recorded upon execution of this Agreement.

h. Pledgor shall defend the right, title, lien and security interest of Secured Party in and to the Pledged Stock against any claims or demands of all persons whatsoever;

i. During the term of this Agreement or while any Indebtedness remains outstanding, Pledgor will not instruct, seek, permit or allow, and will take all reasonable steps to prevent, IEPAZ, Mirachem and Now Products from registering any person or entity other than Pledgor or Secured Party as the registered owner of the Pledged Stock. Pledgor will not give consent to or instruct IEPAZ, Mirachem and Now Products to comply with any instructions from any other person with respect to the Pledged Stock. Pledgor will immediately notify Secured Party if there is any change in the control, registered owner, or other ownership status of the Pledged Stock.

j. If during the term of this Agreement any buy-outs, adjustments or other changes are declared or made in the ownership structure of IEPAZ, Mirachem or Now Products such that Pledgor should acquire any additional stock in IEPAZ, Mirachem or Now Products as a result of its ownership thereof, all such new, substitute or additional stock in IEPAZ, Mirachem, and Now Products shall be registered in the name of Pledgor and be subject to this Agreement in the same manner as the Collateral. If such new, substitute or additional ownership interest is represented or evidenced by certificates, Pledgor will immediately, without notice or demand by Secured Party, notify Secured Party of such fact and deliver all such certificates to Secured Party. If during the term of this Agreement any buy-outs, adjustments or other changes are declared or made in the ownership structure of IEPAZ, Mirachem or Now Products, such that Pledgor possesses any options or other acquisition rights with respect to new or additional stock in IEPAZ, Mirachem or Now Products, Pledgor will immediately notify Secured Party of such fact and Pledgor's intentions with respect to such options or other acquisition rights.

k. Except for the Pledged Stock, IEPAZ and Mirachem are and, as to any Collateral acquired after the date hereof, will be the owners of the Collateral subject to only those security interests, liens or encumbrances listed on Exhibit C attached hereto, including those in favor of Secured Party. IEPAZ or Mirachem will not grant any other security interest in the Collateral or execute or permit the filing of any other financing statement with respect to the Collateral, except with Secured Party's prior written consent, which shall be at Secured Party's sole discretion. IEPAZ and Mirachem shall defend the Collateral against all claims and demands of all persons.

l. Contemporaneously with the execution of this Agreement, IEPAZ, Mirachem and Doughty shall deliver to Secured Party all documents evidencing ownership of the Collateral;

m. IEPAZ, Mirachem and Doughty agree to take no action which would adversely affect the value of the Collateral or which would encumber IEPAZ's, Mirachem's or Doughty's title or interest in or to the Collateral.

n. IEPAZ, Mirachem and Doughty will promptly notify Secured Party of any levy, restraint or other seizure by legal process or otherwise of any part of the Collateral and of any threatened or filed claims or proceedings that might in any way affect or impair any of the Collateral.

o. Secured Party at all times shall have a perfected security interest in the Collateral that shall be prior to any other interests therein.

p. IEPAZ, Mirachem and Doughty will do all acts and things, will execute and file all instruments (including security agreements, financing statements, continuation statements, etc.) requested by Secured Party to establish, maintain, and continue the perfected security interest of Secured Party in the Collateral, and will promptly on demand pay all costs and expenses of (a) filing and recording, including the costs of any searches deemed necessary by Secured Party from time to time to establish and determine the validity and the continuing priority of the security interest of Secured Party; and (b) all other claims and charges that in the opinion of Secured Party might prejudice, imperil or otherwise affect the Collateral or security interest therein of Secured Party.

q. This Agreement shall remain in full effect, without waiver or surrender of any of Secured Party's rights hereunder, notwithstanding any one or more of the following: (i) extension of the time of payment, in whole or in part, of the Indebtedness; (ii) any change in the terms and conditions of the Indebtedness, this Agreement, or the Transaction Documents; (iii) substitution of any other note or guaranty or evidence of indebtedness for the Indebtedness; (iv) acceptance by Secured Party of any collateral or security of any kind for the payment of the Indebtedness; (v) surrender, release, exchange or alteration of any Collateral or other security, either in whole or in part; and (vi) release, settlement, discharge, compromise, change or amendment, in whole or in part, of any claim of Secured Party against IEPAZ, Mirachem or Doughty for the payment of the Indebtedness or the performance of the obligations under the Transaction Documents.

r. Secured Party is not responsible for any injury or loss to the Collateral unless caused by willfully wrongful acts or omissions of Secured Party.

s. Secured Party may, at its option, and without any obligation to do so, pay, perform and discharge any and all amounts, costs, expenses and liabilities herein agreed to be paid or performed by IEPAZ, Mirachem or Doughty, and all amounts expended by Secured Party in so doing or in respect of or in connection with the Collateral shall become part of the Obligations secured hereby and shall be immediately due and payable by IEPAZ, Mirachem and/or Doughty, as applicable, to Secured Party upon demand therefor.

4. EVENTS OF DEFAULT. IEPAZ, Mirachem and Doughty shall be in default ("Event of Default") hereunder if any of the following shall occur:

a. Breach of Underlying Debt. Mirachem or Doughty fails to pay any of the Indebtedness secured by this Agreement;

b. Breach of Agreements. Failure by IEPAZ, Mirachem or Doughty to observe or perform any of the obligations, terms, provisions, promises, agreements, or covenants of this Agreement or the Transaction Documents and such failure is not cured by IEPAZ, Mirachem or Doughty within thirty (30) days of the written notice therefor;

c. Representations and Warranties. Any warranty, representation or statement contained in this Agreement that shall be or shall be proven to have been materially false when made or furnished.

d. Abandonment: Transfer. The abandonment of all or any part of the Collateral or the occurrence of a transfer, delivery or change of control in the Collateral.

e. Bankruptcy or Insolvency. Mirachem assigns the Mirachem Note, or Doughty or his spouse assigns the Doughty Note, or Pledgor assigns the Pledged Stock, for the benefit of creditors. IEPAZ, Mirachem or Doughty applies for, consents to or acquiesces in, the appointment of a trustee, receiver or other custodian, or commences any case under Title 11 of the United States Bankruptcy Code or any other bankruptcy, reorganization, receivership, custodianship, or similar proceeding under any state or federal law, and with respect to any such case or proceeding that is involuntary, such case or proceeding is not dismissed within sixty (60) days of the filing thereof.

5. SECURED PARTY'S REMEDIES. In the Event of Default under this Agreement and at any time thereafter, Secured Party shall have the following rights and remedies:

a. Acceleration. Declare all or any part of the Indebtedness immediately due and payable with all costs, fees and other charges incurred in the collection of the same.

b. Indebtedness. All rights and remedies under the instruments evidencing the Indebtedness.

c. Exchange of Indebtedness for the Pledged Stock. Secured Party may, at its option, transfer the Pledged Stock or any part thereof into its own name or the name of its nominee in exchange for the Indebtedness or any of the obligations under this Agreement or the Transaction Documents, and thereby assume all of the indicia of ownership of the Pledged Stock. Secured Party may require Pledgor to instruct IEPAZ, Mirachem and/or Now Products to register Secured Party as the registered owner of the Pledged Stock and Pledgor hereby irrevocably appoints Secured Party as its attorney-in-fact for such purpose.

d. Take Possession. Secured Party may, without notice or demand and without legal process, take possession of the Collateral where found and, for this purpose, may enter upon any property occupied by or in the control of IEPAZ or Mirachem. Secured Party may require IEPAZ and Mirachem 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. Secured Party may require IEPAZ and Mirachem to register Secured Party as the registered owner of the Collateral (other than the Pledged Stock) and IEPAZ and Mirachem hereby irrevocably appoint Secured Party as their attorney-in-fact for such purpose. Secured Party, at the expense of IEPAZ and Mirachem, may make repairs to the Collateral deemed necessary or desirable. This Agreement constitutes Pledgor's authorization to Secured Party to transfer title to the Pledged Stock upon a default by Pledgor, IEPAZ or Mirachem under this Agreement or any of the Transaction Documents, whether or not the instruments necessary or appropriate to transfer title to the Pledged Stock are executed by Pledgor.

e. Sale. Secured Party, with or without obtaining possession of the Collateral or any part thereof, may sell the same at a public or private sale either with or without having such Collateral at the place of sale and with notice to IEPAZ, Mirachem and Pledgor as provided in this subparagraph. The proceeds of such sale, after deducting therefrom all expenses of Secured Party in taking, storing, repairing, and selling the Collateral (including reasonable attorneys' fees and legal expense), shall be applied to the payment of any part or all of the Obligations and any other indebtedness or liability of IEPAZ, Mirachem and Pledgor to Secured Party, and any surplus thereafter remaining shall be paid to IEPAZ, Mirachem, Pledgor or to any other person that may be legally entitled thereto. At any sale or disposition, Secured Party may accept a trade of property for all or any portion of the sale price. At any sale, public or private, of the Collateral or any part thereof, Secured Party may, so far as may be lawful, purchase any part or parts of the Collateral offered at such sale. Secured Party shall give IEPAZ, Mirachem and Pledgor reasonable notice of any sale or other disposition of the Collateral or any part thereof at least ten (10) days prior to such sale or other disposition. Unless otherwise required by applicable law, all notices required to be given under this Agreement shall be either served personally or by U.S. mail, postage prepaid, certified, return receipt requested, and addressed to Secured Party, IEPAZ, Mirachem or Pledgor at the addresses set forth herein, or at such other address which Pledgor, Mirachem, IEPAZ or Secured Party may designate in writing. Notice given by U.S. mail shall be deemed to have been given three (3) business days following the deposit thereof in the U.S. mail.

f. Remedies Non-Exclusive. Secured Party may pursue any legal remedy available to collect all sums secured hereby and to enforce its title in and right to possession of the Collateral and to enforce any and all other rights or remedies available to it. No such action shall operate as a waiver of any other right or remedy of Secured Party.

6. MISCELLANEOUS PROVISIONS.

a. No Obligation on Part of Secured Party. It is understood and agreed to by the parties that Secured Party does not assume and will not be subject to any obligation or liability of IEPAZ, Mirachem or Pledgor under any of the Collateral.

b. Cross Default. Any default by IEPAZ, Mirachem or Pledgor in the performance or observance of any covenant or condition in this Agreement will be deemed a default under the Transaction Documents, and will entitle Secured Party to exercise any and all remedies available to secured Party under the terms of any and all of them. Similarly, a default under the Transaction Documents will be deemed a default under this Agreement and entitle Secured Party to exercise any and all remedies provided for in this Agreement.

c. Term of Agreement. This Agreement shall terminate upon payment in full of the Indebtedness and performance and discharge of the Obligations, at which time, Secured Party shall reassign and cause to be delivered to Pledgor, or to such person or persons as Pledgor may in writing designate, the Pledged Stock, and to IEPAZ, Mirachem, or to such person or persons as IEPAZ or Mirachem may in writing designate, the Collateral other than the Pledged Stock held by Secured Party.

d. Waiver; Amendments. No default hereunder by IEPAZ, Mirachem or Pledgor shall be deemed to have been waived by Secured Party except by a writing to that effect

signed by Secured Party and no waiver of any default shall operate as a waiver of any other default on a future occasion. No modification, rescission, waiver, release, or amendment of any provision of this Agreement shall be made except by a written agreement signed by IEPAZ, Mirachem, Doughty and Secured Party.

e. Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, such provision or provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable, and all other provisions nevertheless shall be effective.

f. Governing Law. The terms herein shall have the meanings in and be construed under the Arizona Uniform Commercial Code and all issues arising hereunder shall be governed by the laws of the State of Arizona. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, and such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns; provided, however, that neither this Agreement nor any rights or obligations hereunder shall be assigned by IEPAZ, Mirachem or Doughty without the prior express written consent of Secured Party, which consent may be withheld at Secured Party's sole discretion. Any purported assignment made in contravention hereof shall be null and void.

h. Counterparts; Duplicate Originals. This Agreement may be executed in multiple counterparts and when a counterpart has been executed by each of the parties hereto, such counterparts, taken together, shall constitute a single agreement. Duplicate originals may also be utilized, each of which shall be deemed an original document.

i. Attorneys' Fees. The prevailing party in any litigation, arbitration or other proceedings arising out of this Agreement shall be reimbursed by the other party for all costs and expenses incurred in such proceedings, including reasonable attorneys' fees.

j. Arm's Length Negotiations. Each party hereto expressly represents and warrants to all other parties hereto that (i) before executing this Agreement, such party has full informed himself or itself of the terms, contents, conditions and effects of this Agreement and the transactions contemplated hereby; (ii) such party has relied solely and completely upon his, their, or its own judgment in executing this Agreement; (iii) such party has had the opportunity to seek and has obtained the advice of counsel before executing this Agreement; (iv) such party has acted voluntarily and of his, their, or its own free will in executing this Agreement; (v) such party is not acting under duress, whether economic or otherwise, in executing this Agreement; and (vi) this Agreement is the result of arm's length negotiations conducted by and among the parties and their respective legal counsel.

k. Additional Assurances. Each party hereto agrees to perform all further acts and execute, acknowledge and deliver all documents which may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

l. Capitalized Terms. All capitalized terms not defined herein shall have the same definitions as provided in the Master Agreement.

m. Time is of Essence. Time is of the essence in the performance of this Agreement.

n. Notices. All notices or other communications required or permitted to be given or delivered under this Agreement shall be in writing and delivered (a) in person with receipted copy, or (b) by certified or registered mail, return receipt requested, with a copy by first class mail, in each case, postage prepaid, and addressed or delivered to the addresses hereinafter set forth, or to such other address as Mirachem, Doughty or Secured Party may designate by giving notice in the foregoing manner:

If to IEPAZ: Innovative Environmental Products, Inc.
Attn. Patrick J. Doughty, Sr. Vice President
4645 W. McDowell Road
Unit 103
Phoenix, Arizona 85035

If to Mirachem: Mirachem Corporation
Attn. Patrick J. Doughty, Sr. Vice President
4645 W. McDowell Road
Unit 103
Phoenix, Arizona 85035

If to Pledgor: Patrick J. Doughty
910 West El Camino Drive
Phoenix, AZ

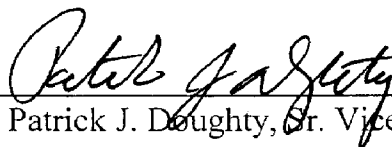
If to Secured Party: Mark V International, L.L.C.
Attn. James G. Edwards, Manager
6112 N. Nauni Valley, Dr.
Paradise Valley, AZ 85253

With a copy to: Seymour Sacks, Esq.
Sacks Tierney P.A.
4250 North Drinkwater Boulevard, Fourth Floor
Scottsdale, AZ 85251-3647

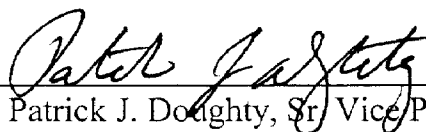
o. Entire Agreement. This Agreement and the Transaction Documents constitute all of the Agreements between the parties relating to the Indebtedness and the Obligation and supersede all other prior or concurrent oral or written agreements and understanding of the parties relating thereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

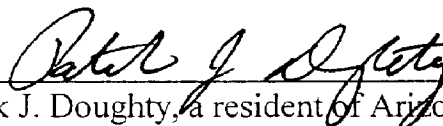
INNOVATIVE ENVIRONMENTAL PRODUCTS, INC., an Arizona corporation

By: 
Patrick J. Doughty, Sr. Vice President

MIRACHEM CORPORATION, an Arizona corporation

By: 
Patrick J. Doughty, Sr. Vice President

PLEDGOR:


Patrick J. Doughty, a resident of Arizona

SECURED PARTY:

MARK V INTERNATIONAL, L.L.C., an Arizona limited liability company

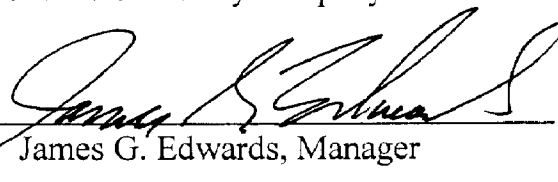
By: 
James G. Edwards, Manager

EXHIBIT A

Assets of IEPAZ

MANUFACTURING EQUIPMENT

MIXER
HAND TRUCK
450 GAL TANK
350 GAL TANK
PUMP
COFFEE TABLE
DE IONIZER
350 TANK W/MIXER
OVEN AMERICAN SCIENTIFIC
FORKLIFT / SCALE
ULTRASONIC CLEANER
PUMP (W W GRAINGER)
1000 GAL TANK (ROY PERRY)
3 MIXERS (PROD PKG)
DRUM LIFT
2 PARTS WASHERS
PALLET JACK
ELECTRIC SUPPLY TANK
MYRON LDS METER
WHEELS & DOLLYS
PALLET RACK
TANK TABLE
3 LIGHTNING MIXERS
DUAL BATCH CONTROLLER
HD CHME MIXING SHAFT TANK
PKG KIT - MIXING EQUIPMENT
USE DI SYSTEM FLUID TECH
3HP 230V30AC INVERTOR
150 GPM PUMP MODEL C216
WATER STERILIZER CSL-GR2
REVERSE OSOMOSIS SYSTEM
S.S. TANK (NATL SCENT)
BARREL PUMPS / MOTORS-3
MISC BOTTLING, TANKS, ACCESS
1900-4000-5000 SS TANKS
870 GRACO PUMP USED

INDUSTRIAL FAN USED
WATER STERILIZER CSL-GR
S.S. TANKS
FORKLIFT
SPARE PARTS, MTRS., ETC.
PALLET RACK 18 SEC-SHELY
FILTRATION SYSTEM
ELECT BAL TEXTILE
RHOUNE POULONIC LAB EQUIP
1.5 H.P. LIGHTNING MIXER
1.5 H.P. LIGHTNING MIXER
ROPER STAINLESS STEEL PUMP
MTR CONTROLLER-KAMAN
MIXER AGITATION ASSY
S MIXING, 1 HLDG TNKS
ADD'L ASSEMBLY OF TANKS
SOUTHWEST SCALE
WESTGATE ELECTRIC
TANK EXTENSION & CATWALK
LANTEC PALLET WRAPPER
USED SIPHON FILLER
STAINLESS TANKS
BASE LOAD SCALE KIT W / DISPLAY
200 GALLON HOLDING TANKS
WRHSE-UPRIGHTS / LOAD BEAMS
SANITARY STAINLESS
YALE FORKLIFT E187V10128E
YALE FORKLIFT GLC030CDJUA083
DIMAFL0 PURIFIER
WAREHOUSE RACKING
ALFA LAVAL MODEL M6
Stretch Wrap Machine
VWR - Lab temp bath P/N 62400-922
WAREHOUSE SCALE
Crown Forklift

OFFICE FURNITURE

COMPUTER/PRNTR/2 STANDS
2-4DR FILE CABINET
DESK/WALL UNIT/3 CHAIRS
COFFEE TABLE
COUCH
BROTHERS ELEC TYPEWRITER
PAT'S DESK,CREDENZA,CHAIR
CONFERENCE TABLE & CHAIRS
CONFERENCE TABLE GLASS TOP
PAGING SYSTEMS
OFFICE/SECRETARIAL DESK -3
OFFICE DIVIDER
3-LEGAL 4DR LATERAL FILES
2 -2DWR FILE CABINET
PHONE SYSTEM- SOUTHWEST
MAHOGONY CONF. BOARD
XEROX COPIER
TRADE SHOW DISPLAY
2 COMPUTER DESK/HUTCH/PDSTD
HON GREY TWEED CHAIR
EMPIRE 30X60 OAK DESK
EMPIRE 2-30X72 OAK DESK
4 DR LATERAL FILE 42"
4 DR LATERAL FILE 42"
2 HON GREY TWEED CHAIRS
5 PHONES PLUS ACCESS
MAIN FILE SERVER SCI486
BACKUP FILE SERVER SCI386
HAYES SMART MODEM & CABLE
EPSON 2550LQ PRINTER
RESKIN FOR NOW SHOW BOOTH
2-DSK 3-ENT CTR
COMPUTER KEYBRD TRAYS
30X60 EMPIRE OAK DESK
6'x4'GREY PANELS
6'x3'GREY PANELS
360 PT COMDIAL KSV 16X48
COLOR MONITOR TATUNG
8088 XT MOUSE, PORT, PAD
INSTAL KSV 16X48 COMDIAL
VGA COLOR MONITOR PAT
8-SEC.STEELCASE CHAIRS
2-30X60 DOUBLE PED DESKS
4 DR LATERAL FILE 36"
5 -4 DR FIRE FILE CABINETS
4-42" LATERAL FILE 4 DR
SKYLINE DISPLAY NOW PROD

HUB FOR COMPUTER
FILE CABINET (PICTURES)
REFRIGERATOR
COMPUTER, HUB, MONITOR
FIVE DRAWER LATERAL FILE
SIDE CHAIR (ROSE),FLAT FILE, LATERAL FILE
COMPUTER SYSTEM
COMPUTER SYSTEM
MAGCARD VISA MACHINES
INFINCOM COPIER
DATACOM TELEPHONE SYSTEM
PAPER SHREDDER
NOW TRADE SHOW BOOTH
CHARLOTTE COPIER
COMPUTER SERVER UPGRADE
FURN - N C
PHONE SYSTEM N C
COMPUTER HARDWARE
INTERNATIONAL E-Z UP
MONITORS 17"
GE INFORM SOFTEWARE
COMPAQ LAPTOP-JIM
GE INFORMATION SYSTEMS
COMPUTER - KRISTEN
CONF ROOM FURNITURE
POLICORE SYSTEMS
NATIONAL BUSINESS
NATIONAL BUSINESS
CAMELBACK JANITOR
NATIONAL BUSINESS
POLICORE SYSTEMS
KEWILL ERP/DELETED
MICRO MRP
POWERWAY
KERWILL ERP
NATIONAL BUSINESS
KEWILL ERP
NATIONAL BUSINESS
VIRLAND JOHNSON/BUDGET PROGRAM
AMEX (BK)-EDI SOLUTION
AMEX (BK)-INSIGHT COMPUTERS
AVNET COMPUTER (6)
NATIONAL BUSINESS
AVNET COMPUTER (LASERJET PRINTER)
AVNET COMPUTER (ADOBE ILLUS)
AVNET COMPUTER (ADOBE ACROBAT)
AVNET COMPUTER (LASERJET 4000 TN)

OFFICE DESK USED
HERMAN MILLER CHAIR 4 EA
3 GREASE BOARDS LARGE
SECRETARIAL CHAIR W/ARM HM
SECRETARIAL CHAIR W/ARM HM
ROYAL 655 VACUUM W/ATTACH
660E LCD SPKRPHONE 9 EA
PATCH PANEL & CORD CMPTR
SECRETARIAL CHAIRS 2 EA HM
42" 4-DWR LATERAL FILE 3 EA
36" 2-DWR LATERAL FILE

COMPUTERIZED FINANCIAL SVCS
BULD REPORTER SOFTWARE
COMPUTER EQUIP - JGE PURCHASED
AVNET COMPUTER
SAFETY TRAINING MATERIAL/SOFTWARE (JJ
KELLER & ASSOC)
SCANNER – Phoenix
Warehouse Printer (Zebra Label Printer)
SHARP COPIER
DESKPRO EN CMT P3-933/MEMORY CPQC596
KINETIK-SERVER 2000/3COM
SUPERSTACK SWITCH

VEHICLES

1999 HINO TRUCK
1999 DODGE RAM VAN - WISCONSIN
98 ASTRO VAN – WISCONSIN

EXHIBIT B

**Mirachem Trademarks
REGISTERED IN THE UNITED STATES OF AMERICA**

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM (Product Description) MIRACHEM COMBINED AND INCONTESTABILITY	1,578,513	September 26, 1978
MIRACLEAN STYLIZED (Logo/Word)	1,242,484	June 21, 1983
MIRACHEM	2,130,215	January 20, 1998
MIRACHEM DUAL-CLASS	2,039,828	February 25, 1997
Miraclean Miraclean Stylized	2118718	December 9, 1997

REGISTERED IN MEXICO

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM (MARK & DESIGN)	430,136	September 18, 1992
MIRACLEAN	426,698	November 1992

REGISTERED IN CANADA

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM Design	586873	April 6, 1979

REGISTERED IN GERMANY

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM	396 16 567	June 18, 1997

REGISTERED IN TAIWAN

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
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MIRACHEM Class 1	00802530	May 16, 1998
MIRACHEM Class 3	00759574	May 1, 1997
MIRACHEM Class 7	00750840	March 1, 1997

REGISTERED IN JAPAN

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM Class 7	4175678	August 7, 1998
MIRACHEM Class 3	4119353	February 27, 1998

REGISTERED IN BRITAIN

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM	2067934	April 9, 1996

REGISTERED IN AUSTRALIA

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM	705710	May 22, 1997

REGISTERED IN FRANCE

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM	96619559	September 13, 1996

REGISTERED IN KOREA

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM Class 38	0414200	August 3, 1998
MIRACHEM Class 13	0447432	May 7, 1999

REGISTERED IN BENELUX

<u>Trademark</u>	<u>Registration</u>	<u>Issued Date</u>
MIRACHEM	587331	November 27, 1995

All trademarks owned by Mirachem Corporation, an Arizona corporation, or its affiliates anywhere in the world.

EXHIBIT C

Security Interests, Liens, and Encumbrances

<u>Debtor</u>	<u>Secured Party</u>	<u>UCC-1 File Number</u>	<u>State</u>
Mirachem Corporation	Mark V International, L.L.C.	9915460300	California
Mirachem Corporation	Mark V International, L.L.C.	30360492	Pennsylvania
Mirachem Corporation	Cee and Gee Funding, Inc., dba TLD Funding Group	1013801	Arizona
Mirachem Corporation	Cee and Gee Funding, Inc., dba TLD Funding Group	1070657	Arizona
Innovative Environmental Products, Inc. (Arizona)	Cee and Gee Funding, Inc., dba TLD Funding Group	1070656	Arizona
Innovative Environmental Products, Inc.	Mark V International, L.L.C.	1013802	Arizona
Now Products, Inc.	Mark V International, L.L.C.	1013800	Arizona
Now Products, Inc.	Mark V International, L.L.C.	1070656	Arizona
Now Products, Inc.	Mark V International, L.L.C.	1070658	Arizona