

06-19-2003

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Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

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):

SurePayroll, Inc.

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

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

2. Name and address of receiving party(ies)

Name: BlueStar Ventures, L.P.

Internal Address:

Street Address: 208 S. LaSalle St., #1020

City: Chicago State: IL Zip: 60604

- Individual(s) citizenship Association General Partnership Limited Partnership Delaware 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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: June, 2003

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 2647856,

2603569

Additional number(s) attached Yes No

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

Name: Etahn M. Cohen Sugar, Friedberg & Felsenthal

Internal Address:

Street Address: 30 North LaSalle Street Suite 3000

City: Chicago State: IL Zip: 60602

6. Total number of applications and registrations involved:

2

7. Total fee (37 CFR 3.41).....\$ 65.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Etahn M. Cohen

Name of Person Signing

Signature

Signature

June 13, 2003

Date

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

13

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

06/18/2003 6TDM11 00000156 2647856

01 FC:8521 02 FC:8522

40.00 OP 25.00 OP

TRADEMARK REEL: 002758 FRAME: 0146

## TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (this "Agreement") is made as of June 12, 2003, by and between SurePayroll, Inc., a Delaware corporation ("Borrower"), and BlueStar Ventures, L.P., as contractual representative (the "Agent") for the Lenders (as such term is defined in the Security Agreement, defined below), pursuant to an Agency Agreement (the "Agency Agreement"), dated as of the date hereof between Agent and the Lenders.

### WITNESSETH:

WHEREAS, Borrower has made, pursuant to that certain Secured Convertible Note Purchase Agreement of even date herewith among Borrower, Agent and Lenders (the "Note Agreement"), certain Secured Notes (as defined in the Security Agreement) payable to the Lenders to evidence Borrower's obligation to repay certain funds loaned to Borrower by the Lenders;

WHEREAS, Borrower and the Agent are parties to that certain Security Agreement of even date herewith (as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Security Agreement"), pursuant to which Borrower has granted a security interest in all of its assets to the Agent for the benefit of the Agent and the Lenders; and

WHEREAS, the Lenders have required Borrower to execute and deliver this Agreement in order to secure the prompt and complete payment, observance and performance of all of the Liabilities (as defined in the Security Agreement).

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms.

1.1 Unless otherwise defined herein, each capitalized term used herein that is not defined herein shall have the meaning specified for such term in the Security Agreement.

1.2 All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and *vice versa*, unless otherwise specified.

2. Incorporation of the Financing Agreements. The Secured Notes, the Note Agreement, the Security Agreement and all related documents thereto and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto (the "Financing Agreements").

3. Security Interest in Trademarks. To secure the complete and timely payment, performance and satisfaction of all of the Liabilities, Borrower hereby grants to the Agent, for the benefit of the Lenders, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted

by applicable law, all of Borrower's now owned or existing and hereafter acquired or arising (collectively, the "Collateral");

3.1 trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including, without limitation, the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, including but not limited to those listed on Schedule A attached hereto and made a part hereof, and (a) all renewals thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof, (c) the right to sue for past, present and future infringements and dilutions thereof, (d) the goodwill of Borrower's business symbolized by the foregoing and connected therewith and (e) all of Borrower's rights corresponding thereto throughout the world (all of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications, together with the items described in subclauses (a)-(e) in this Section 3.1, are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); and

3.2 rights under or interest in any trademark license agreements or service mark license agreements with any other party, whether Borrower is a licensee or licensor under any such license agreement, including, without limitation, those trademark license agreements and service mark license agreements listed on Schedule B attached hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademark license agreements or service mark license agreements, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by Borrower and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this Section 3, the Licenses shall not include any license agreement in effect as of the date hereof which by its terms prohibits the grant of the security contemplated by this Agreement; provided however, that upon the termination of such prohibitions for any reason whatsoever, the provisions of this Section 3 shall be deemed to apply thereto automatically.

4. Restrictions on Future Agreements. Borrower will not, without the Agent's prior written consent, which shall not be unreasonably withheld, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Borrower further agrees that it will not take any action, and will use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any respect affect the validity or enforcement of the rights transferred to the Agent under this Agreement or the rights associated with the Trademarks or Licenses.

5. Trademarks and Licenses. Borrower represents and warrants that as of the date hereof and until the termination of this Agreement (except for new trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications as to which Borrower notifies the Agent as set forth below) (a) the Trademarks listed on Schedule A include all of the trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications now owned

or held by Borrower, (b) the Licenses listed on Schedule B include all of the trademark license agreements and service mark license agreements under which Borrower is the licensee or licensor and (c) no liens, claims or security interests (other than Permitted Liens) in such Trademarks and Licenses have been granted by Borrower to any Person other than the Agent. If, prior to the termination of this Agreement, Borrower shall (i) obtain rights to any new trademarks, registered trademarks, trademark applications, service marks, registered service marks or service mark applications, (ii) become entitled to the benefit of any trademarks, registered trademarks, trademark applications, trademark licenses, trademark license renewals, service marks, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor, or (iii) enter into any new trademark license agreement or service mark license agreement, the provisions of Section 3 above shall automatically apply thereto. Borrower shall give to the Agent written notice of events described in subclauses (i), (ii) and (iii) of the preceding sentence promptly after the occurrence thereof, but in any event not less frequently than on a quarterly basis. Borrower hereby authorizes the Agent to modify this Agreement unilaterally (i) by amending Schedule A to include any future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications and by amending Schedule B to include any future trademark license agreements and service mark license agreements which are Trademarks or Licenses under Section 3 above or under this Section 5 and (ii) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule A or Schedule B thereto, as the case may be, such future trademarks, registered trademarks, trademark applications, service marks, registered service marks and service mark applications, and trademark license agreements and service mark license agreements.

6. Right to Inspect; Further Assignments and Security Interests. The Agent may have at all reasonable times (and at any time when a Default has occurred and is continuing) access to, examine, audit, make copies (at Borrower's expense) and extracts from and inspect Borrower's premises and examine Borrower's books, records and operations relating to the Trademarks and Licenses; provided, that, in conducting such inspections and examinations, the Agent shall use reasonable efforts not to disturb unnecessarily the conduct of Borrower's ordinary business operations. From and after the occurrence of a Default, Borrower agrees that the Agent, or a conservator appointed by the Agent, shall have the right to establish such reasonable additional product quality controls as the Agent or such conservator, in its sole and absolute judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Trademarks and the Licenses or in connection with which such Trademarks and Licenses are used. Borrower agrees (i) not to sell or assign its respective interests in, or grant any license under, the Trademarks or the Licenses without the prior and express written consent of the Agent, (ii) to maintain the quality of such products as of the date hereof and (iii) not to diminish the quality of such products in any material respect without the Agent's prior and express written consent.

7. Nature and Continuation of the Agent's Security Interest; Termination of the Agent's Security Interest. This Agreement is made for collateral security purposes only. This Agreement shall create a continuing security interest in the Trademarks and Licenses and shall terminate on the date on which the Liabilities have been paid in full in cash other than with respect to outstanding Secured Notes which have been converted into Series D Preferred Stock,

\$.01 par value per share, or Series D-1 Preferred Stock, \$.01 par value per share, of the Borrower pursuant to the terms of the such Secured Notes, and the Security Agreement has been terminated. When this Agreement has terminated, the Agent shall promptly execute and deliver to Borrower, at Borrower's expense, all termination statements and other instruments as may be necessary or proper to terminate the Agent's security interest in the Trademarks and the Licenses, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement or the Security Agreement.

8. Duties of Borrower. Borrower shall have the duty, to the extent desirable in the normal conduct of Borrower's business, to: (i) prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement and (ii) make application for trademarks or service marks. Borrower further agrees (i) not to abandon any Trademark or License without the prior written consent of the Agent and (ii) to use its best efforts to maintain in full force and effect the Trademarks and the Licenses that are or shall be necessary or economically desirable in the operation of Borrower's business. Any expenses incurred in connection with the foregoing shall be borne by Borrower. Neither the Agent nor any of the Lenders shall have any duty with respect to the Trademarks and Licenses. Without limiting the generality of the foregoing, neither the Agent nor any of the Lenders shall be under any obligation to take any steps necessary to preserve rights in the Trademarks or Licenses against any other parties, but the Agent may do so at its option from and after the occurrence of a Default, and all expenses incurred in connection therewith shall be for the sole account of Borrower and shall be added to the Liabilities secured hereby.

9. Agent's Right to Sue. From and after the occurrence and during the continuance of a Default, the Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Trademarks and the Licenses and, if the Agent shall commence any such suit, Borrower shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents required by the Agent in aid of such enforcement. Borrower shall, upon demand, promptly reimburse the Agent for all costs and expenses incurred by the Agent in the exercise of its rights under this Section 9 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Agent).

10. Waivers. The Agent's failure, at any time or times hereafter, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect or diminish any right of the Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between Borrower and the Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the undertakings, agreements, warranties, covenants and representations of Borrower contained in this Agreement shall be deemed to have been suspended or waived by the Agent unless such suspension or waiver is in writing signed by an officer of the Agent and directed to Borrower specifying such suspension or waiver.

11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability

shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

12. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

13. Cumulative Remedies; Power of Attorney. From and after the occurrence and during the continuance of a Default, the Agent (and all Persons designated by the Agent in its sole and absolute discretion) shall be Borrower's true and lawful attorney-in-fact, and the Agent and any of the Agent's designees, may, thereupon, in Borrower's or the Agent's name, take any action and execute any instrument which the Agent may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, from and after the giving by the Agent of notice to Borrower of the Agent's intention to enforce its rights and claims against Borrower, to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the Trademarks or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks or the Licenses to anyone on commercially reasonable terms, (iii) grant or issue any exclusive or nonexclusive license under the Trademarks or, to the extent permitted, under the Licenses, to anyone on commercially reasonable terms and (iv) take any other actions with respect to the Trademarks or the Licenses as the Agent deems in its own or the Lenders' best interest. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable until all of the Liabilities shall have been paid in full in cash and the Security Agreement shall have been terminated. Borrower acknowledges and agrees that this Agreement is not intended to limit or restrict in any way the rights and remedies of the Agent or the other Lenders under the Security Agreement, but rather is intended to facilitate the exercise of such rights and remedies. In exercising its rights and remedies, Agent and Lenders shall be subject to the Agency Agreement of even date herewith.

The Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademarks or the Licenses may be located or deemed located. Upon the occurrence of a Default, as defined in the Security Agreement, and the election by the Agent, in accordance with the Agency Agreement, to exercise any of its remedies under Section 9-601 through Section 9-624 of the Uniform Commercial Code with respect to the Trademarks and Licenses, Borrower agrees to assign, convey and otherwise transfer title in and to the Trademarks and the Licenses to the Agent or any transferee of the Agent and to execute and deliver to the Agent or any such transferee all such agreements, documents and instruments as may be necessary, in the Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's rights and remedies with respect to the Trademarks and the Licenses, whether established hereby, by the Security Agreement, by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, it is hereby expressly agreed that, upon the occurrence of a Default, the Agent may exercise any of the rights and remedies provided in this Agreement, the Security Agreement and

any of the other Financing Agreements. Borrower agrees that any notification of intended disposition of any of the Trademarks and Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition; provided, however, that the Agent may give any shorter notice that is commercially reasonable under the circumstances.

If a Default shall have occurred and be continuing, the Agent shall apply the proceeds of any sale or other disposition of all or any part of the Collateral in accordance with the Agency Agreement.

14. Successors and Assigns. This Agreement shall be binding upon Borrower and its successors and assigns, and shall inure to the benefit of each of the Lenders and its nominees, successors and assigns. Borrower's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Borrower; provided, however, that Borrower shall not voluntarily assign or transfer its rights or obligations hereunder without the Agent's prior written consent.

15. Governing Law. This Agreement shall be construed and enforced and the rights and duties of the parties shall be governed by in all respects in accordance with the internal laws (without regard to conflict of laws provisions) and decisions of the State of Illinois.

16. Notices. All notices or other communications hereunder shall be give in the manner and to the addresses set forth in the Security Agreement.

17. Section Titles. The section titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

18. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Trademark Security Agreement as of the day and year first above written.

**AGENT:**

**BLUESTAR VENTURES, L.P.**

By: PSF Capital Management, LLC

Its: General Partner

By: William P. S. [Signature]

Its: MANAGING DIRECTOR

208 South LaSalle Street  
Suite 1020  
Chicago, IL 60604

**BORROWER:**

**SUREPAYROLL, INC.**

By: \_\_\_\_\_  
Debra Janssen, President and Chief  
Executive Officer

4709 Golf Road, Suite 900  
Skokie, Illinois 60076



IN WITNESS WHEREOF, the parties hereto have duly executed this Trademark Security Agreement as of the day and year first above written.

**AGENT:**

**BLUESTAR VENTURES, L.P.**

By: PSF Capital Management, LLC

Its: General Partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

208 South LaSalle Street  
Suite 1020  
Chicago, IL 60604

**BORROWER:**

**SUREPAYROLL, INC.**

By: *Debra Janssen*  
Debra Janssen, President and Chief  
Executive Officer

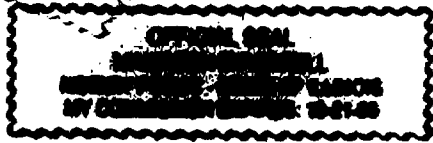
4709 Golf Road, Suite 900  
Skokie, Illinois 60076

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

The foregoing Trademark Security Agreement was acknowledged before me this 12<sup>th</sup> day of June, 2003, by Debra Janssen, the President and Chief Executive Officer of SurePayroll, Inc., a Delaware corporation, on behalf of such corporation.

*Maureen B. Janssen*  
\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_



STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

The foregoing Trademark Security Agreement was acknowledged before me this 17<sup>th</sup> day of June, 2003, by \_\_\_\_\_, the Managing Director of PSF Capital Management, LLC, the general partner of the aforesaid partnership, on behalf of such partnership.

Lynn M. Durnin  
Notary Public

My commission expires: 8-21-05



**SCHEDULE A**

**to**

**Trademark Security Agreement**

**dated as of \_\_\_\_\_, 2003**

**Trademarks**

SUREPAYROLL.COM (Reg. No. 2647856)  
CLICK-CLICK.PAYROLL'S DONE. (Reg. 2603569)

**Trademark and Service Mark Applications**

NONE

**Foreign Trademarks**

NONE

A-1