

TRADEMARK ASSIGNMENT

Electronic Version v1.1
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SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Syscon Justice Systems Canada Ltd.		05/19/2006	CORPORATION: BRITISH COLUMBIA
RECEIVING PARTY DATA			
Name:	Banyan Capital Partners II Limited Partnership		
Street Address:	1111 West Georgia Street		
Internal Address:	Suite 2150		
City:	Vancouver		
State/Country:	BRITISH COLUMBIA		
Postal Code:	V6E 4ME		
Entity Type:	LIMITED PARTNERSHIP: BRITISH COLUMBIA		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Serial Number:	78679990	TAG OMS	
Serial Number:	78679999	FASTCHECK KIOSK	
CORRESPONDENCE DATA			
Fax Number:	(503)220-2480		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(503) 294-9584		
Email:	pphartigan@stoel.com		
Correspondent Name:	John C. Motley/Stoel Rives LLP		
Address Line 1:	900 SW Fifth Avenue		
Address Line 2:	Suite 2600		
Address Line 4:	Portland, OREGON 97204-1268		
ATTORNEY DOCKET NUMBER:	11756-1201		
NAME OF SUBMITTER:	Patrick P. Hartigan - SR Paralegal		

OP \$65.00 78679990

Signature:	/Patrick P. Hartigan/
Date:	06/19/2006
Total Attachments: 15 source=Security Agreement#page1.tif source=Security Agreement#page2.tif source=Security Agreement#page3.tif source=Security Agreement#page4.tif source=Security Agreement#page5.tif source=Security Agreement#page6.tif source=Security Agreement#page7.tif source=Security Agreement#page8.tif source=Security Agreement#page9.tif source=Security Agreement#page10.tif source=Security Agreement#page11.tif source=Security Agreement#page12.tif source=Security Agreement#page13.tif source=Security Agreement#page14.tif source=Security Agreement#page15.tif	

INTELLECTUAL PROPERTY SECURITY AGREEMENT

This Security Agreement dated for reference May 19, 2006 made by **SYSCON JUSTICE SYSTEMS CANADA LTD.** (the "**Corporation**"), a corporation organized and subsisting under the laws of British Columbia, having its chief executive office at Suite 230, 8211 Sea Island Way, Richmond, British Columbia, V6X 2W3, to and in favour of **BANYAN CAPITAL PARTNERS II LIMITED PARTNERSHIP** (the "**Secured Party**"), a limited partnership formed under the laws of British Columbia, having an office at Suite 2150, 1111 West Georgia Street, Vancouver, British Columbia, V6E 4M3.

WHEREAS:

A. Pursuant to the credit agreement (the "**Credit Agreement**") dated for reference May 19, 2006 among 0748745 B.C. Ltd. (the "**Borrower**"), as borrower, the Corporation and 661603 B.C. Ltd., 632436 B.C. Ltd., and Syscon Holdings Ltd., as guarantors, and the Secured Party, as lender, as may be amended, supplemented or otherwise modified or restated from time to time, the Secured Party has established a Cdn. \$8,000,000 senior term credit facility in favour of the Borrower;

B. As collateral security for the obligations owing by the Borrower to the Secured Party pursuant to the Credit Agreement, the Corporation has entered into a guarantee in favour of the Secured Party whereby the Corporation guarantees the payment of all debts and liabilities owing by the Borrower to the Secured Party (the "**Guarantee**"); and

C. It is a condition of the advance of the said loan pursuant to the Credit Agreement by the Secured Party to the Borrower that the Corporation execute and deliver this Security Agreement to the Secured Party as collateral security for the payment and performance of the Guaranteed Liabilities (as defined in the Guarantee) and the Obligations.

NOW THEREFORE WITNESSETH that, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Corporation, the Corporation covenants, declares and agrees as follows:

ARTICLE 1

INTERPRETATION

Section 1.1 Terms Incorporated for Reference. All capitalized terms used but not otherwise defined in this Security Agreement shall have the meanings attributed to them in the Credit Agreement. Terms defined in the *Personal Property Security Act* (British Columbia) (as amended from time to time, the "**PPSA**") and used but not otherwise defined in this Security Agreement shall have the same meaning herein.

Section 1.2 Defined Terms. In this Security Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the following meanings:

"**Collateral**" has the meaning set forth in section 2.1;

“**Intellectual Property**” means the Collateral, other than any proceeds or payments;

“**Licenses**” means any and all licenses, sub-licenses, leases, sub-leases, agreements to license or sub-license or lease or sub-lease, rights of use or control (whether as licensee or licensor or lessee or lessor and whether exclusive or nonexclusive) in respect of or in connection with the acquisition, ownership or use of Intellectual Property, together in each case with any amendments, supplements, modifications, extensions, renewals or replacements thereof, and “**License**” means any one of them;

“**Lien**” includes any mortgage, pledge, lien, hypothecation, security interest or other encumbrance or charge (whether fixed, floating or otherwise) or title retention, any right of set-off (arising otherwise than by operation of law) and any deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfillment of any conditions as to the discharge of any other indebtedness or other obligation to any creditor, or any right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or hereafter acquired;

“**Obligations**” has the meaning set forth in Section 2.2(1);

“**PPSA**” has the meaning set forth in Section 1.1;

“**Royalties**” means all royalties, rents, issues, proceeds, profits or other fees (including, without limitation, license fees), charges, assessments or penalties payable to the Corporation or due or accruing due to the Corporation pursuant to any License; and

“**Security Interest**” has the meaning set forth in Section 2.2(1).

ARTICLE 2

SECURITY

Section 2.1 Grant of Security. Subject to Section 2.4, the Corporation hereby (i) mortgages and charges to the Secured Party as and by way of a fixed mortgage and charge; (ii) pledges to the Secured Party; and (iii) grants to the Secured Party a security interest in, all of the Corporation’s right, title and interest throughout the world in and to the following property, which is currently or in the future may be owned, created, acquired, or used (whether pursuant to a License or otherwise) by the Corporation, in whole or in part (collectively, the “**Collateral**”, and all references thereto herein include any part thereof):

- (a) all trademarks and rights and interests which are capable of being protected as Trademarks (including trademarks, service marks, certification marks, designs, logos, indicia, tradenames, corporate names, company names, business names, fictitious business names, trade styles, and other source or business identifiers, and applications pertaining thereto), Licenses in respect thereof and rights to register, renew and extend such trademarks and trademark rights and any and all copyrights in such trademarks, including those listed on **Schedule A** attached hereto, as the same may be updated hereafter from time to time;

- (b) the right to register trademark claims and to apply for, renew and extend trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of the Corporation or in the name of the Secured Party for past, present and future infringements or violations of trademarks, registrations, or other trademark rights and the associated goodwill;
- (c) all patents, patent applications, industrial designs and industrial design applications, including all reissues, divisions and continuations in part, Licenses in respect thereof, foreign filing rights, and rights to register, renew and extend such rights, including those listed on **Schedule B** attached hereto, as the same may be updated hereafter from time to time;
- (d) all of the Corporation's right, title and interest in and to all patentable and unpatentable inventions and all industrial designs, and to file applications for patents and industrial designs and to request reexamination and/or reissue of the patents, the right (without obligation) to sue or bring interference proceedings in the name of the Corporation or in the name of the Secured Party for past, present and future infringements of the patents and industrial designs;
- (e) all copyrights, copyright applications, copyright registrations, know-how, trade secrets, technical processes, recipes and formulae and Licenses in respect thereof, including those listed on **Schedule C** attached hereto, as the same may be updated hereafter from time to time;
- (f) all general intangibles relating to the foregoing, including all associated goodwill; and
- (g) all proceeds of and rights associated with any and all of the foregoing (including, without limitation, claims by the Corporation against third parties for past, present or future infringement of the Intellectual Property, including those items listed in the Schedules to this Agreement, or for injury to the goodwill associated with the use of any of the trademarks or for breach or enforcement of any License, Royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty, or guarantee, payable by reason of loss or damage to or otherwise with respect to the Collateral.

Section 2.2 Obligations Secured.

(1) The mortgages, charges, pledges and security interests granted hereby (collectively, the "**Security Interest**") shall be continuing collateral security for the due payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, joint or several or joint and several, at any time due or accruing due of the Corporation to the Secured Party under the Guarantee, the Credit Agreement, this Security Agreement, or any other Credit Documents (as defined in the Credit Agreement), whether incurred as principal or surety (collectively, and together with the expenses, costs and charges set out in Section 2.2(2), the "**Obligations**").

(2) All reasonable expenses, costs and charges incurred by or on behalf of the Secured Party in connection with the preparation and issuance of this Security Agreement, the perfection, preservation and protection of the Security Interest and the enforcement of the Secured Party's rights and remedies hereunder, including the realization of the Collateral, and including all legal fees (on a solicitor and solicitor's own client basis) and disbursements, court costs, receiver's or agent's remuneration and other

expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, licensing, transferring, delivering or obtaining payment of the Collateral, shall be added to and form a part of the Obligations.

Section 2.3 Attachment.

(1) The Corporation and the Secured Party hereby acknowledge that (i) value has been given; (ii) the Corporation has rights in the Collateral (other than after-acquired Collateral); and (iii) they have not agreed to postpone the time of attachment of the Security Interest.

(2) The Corporation agrees to promptly inform the Secured Party in writing of the acquisition by the Corporation of any rights in or to any registrable or unregistrable intellectual property which is not adequately described herein or of the entitlement to the benefit of any application or registration therefore, and the Corporation agrees to execute and deliver at its own expense from time to time amendments to this Security Agreement or the schedules hereto or additional security agreements or schedules as may be required by the Secured Party in order that the Security Interest shall attach to such intellectual property.

Section 2.4 Scope of Security Interest.

(1) Nothing in Section 2.1 shall be construed as a pledge by the Corporation (which term shall include a sub-license, mortgage, pledge or charge) of any Intellectual Property licensed to the Corporation as licensee or any License which, as a matter of law or by its terms, may not be pledged without the consent or authorization of the licensor unless such consent or authorization has been obtained. To the extent that the creation of the Security Interest would constitute a breach or permit the acceleration of any License to which the Corporation is a party, the Security Interest shall not attach to the Intellectual Property licensed thereby or the License but the Corporation shall hold its interest therein in trust for the Secured Party, and, in the case of any such potential breach or acceleration of any License, shall use its best efforts to obtain the consent of the other party thereto. Upon the Corporation obtaining the consent of such other party, the Security Interest shall be deemed to have automatically attached to such Intellectual Property and License.

(2) Until the Security Interest shall have become enforceable, the grant of the Security Interest in the Intellectual Property shall not affect in any way the Corporation's rights to commercially exploit the Intellectual Property, to defend the Intellectual Property, to enforce the Corporation's rights therein or with respect thereto against third parties in any court or to claim and be entitled to receive any damages with respect to any infringement or violation thereof.

(3) The Security Interest shall not extend or apply to the last day of any term of years reserved by a License, but the Corporation shall stand possessed of any such reversion in trust to assign and dispose thereof as the Secured Party may direct.

(4) The Secured Party will not be deemed in any manner to have assumed any obligation of the Corporation under any License nor shall the Secured Party be liable to any governmental authority or license counterparties by reason of any default by any person under any contract. The Corporation agrees to indemnify and hold the Secured Party harmless of and from all liability, loss, damage or expense which it may or might incur by reason of any claim or demand against it based on its alleged assumption of the Corporation's duty and obligation to perform and discharge the terms, covenants and agreements in any License.

(5) It is expressly acknowledged by the Corporation that, notwithstanding any right or authority granted to the Corporation herein or in any other agreement or instrument to deal with the Collateral, it is the intention of the Corporation and the Secured Party that (i) the Security Interest shall operate and be construed as a fixed and specific charge of all Collateral in respect of which the Corporation presently has rights, and as a fixed and specific charge of all after-acquired Collateral which shall attach forthwith upon the Corporation acquiring rights therein, and (ii) the Security Interest shall neither operate nor be construed as a floating charge.

Section 2.5 The Secured Party's Care and Custody of Collateral.

(1) The Secured Party shall not be bound to dispose of, realize, protect or enforce any of the Corporation's right, title and interest in and to the Collateral or to institute proceedings for the purpose thereof.

(2) The Secured Party shall have no obligation to keep Collateral in its possession identifiable.

(3) The Secured Party may, after the Security Interest shall have become enforceable, (i) notify any person obligated on a License to make payment thereunder to the Secured Party whether or not the Corporation was theretofore making collections thereon, and (ii) assume control of any proceeds arising from the Collateral.

Section 2.6 The Corporation's Dealings with Collateral. Except as permitted by the Credit Agreement, the Corporation shall not, without the prior written consent of the Secured Party, sell, exchange, license, release or abandon or otherwise dispose of the Collateral or create, assume or permit to remain outstanding any Lien in, on or of the Collateral.

Section 2.7 Right of Set-Off. The Obligations secured by this Security Agreement shall be paid, when due, by the Corporation to the Secured Party without regard to any equities existing among the Corporation and the Secured Party and without regard to any right of set-off or cross-claim or of any claim or demand of the Corporation against the Secured Party or otherwise.

Section 2.8 Protective Disbursements. If the Corporation fails to perform any covenant on its part contained in this Security Agreement then the Secured Party may, in its absolute discretion, perform any such covenant capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Secured Party may make such payment but shall be under no obligation to do so, and all sums so paid or expended by the Secured Party shall be immediately payable by the Corporation, shall bear interest at the highest rate set forth in the Credit Agreement until paid and shall be secured hereby, having the benefit of the Lien hereby created in priority to the indebtedness evidenced by this Security Agreement. No such performance or payment shall relieve the Corporation from any default under this Security Agreement or any consequences of such default.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS

The Corporation hereby represents, warrants, and covenants that:

Section 3.1 Intellectual Property Listing.

(1) A true and complete schedule setting forth all trademark registrations, pending applications and unregistered trademarks owned or controlled by the Corporation or licensed to the Corporation, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on **Schedule A** attached hereto.

(2) A true and complete schedule setting forth all patents, patent applications, industrial designs and industrial design applications owned or controlled by the Corporation or licensed to the Corporation, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on **Schedule B** attached hereto.

(3) A true and complete schedule setting forth all copyright applications and registrations owned or controlled by the Corporation or licensed to the Corporation, together with a summary description and full information in respect of the filing or issuance thereof is set forth on **Schedule C** attached hereto.

Section 3.2 Validity; Enforceability. The Intellectual Property is valid and enforceable and the Corporation is not currently aware of any past, present, or prospective claim by any third party that any of the Intellectual Property is invalid or unenforceable or that the use of the Intellectual Property violates the rights of any third person, or of any basis for any such claims.

Section 3.3 Title. The Corporation is the sole and exclusive owner of the entire and unencumbered right, title, and interest in and to the Intellectual Property identified in Schedules A, B and C and in and to all other Intellectual Property except that, if any, which is licensed from third parties, free and clear of any Liens, including licenses, shop rights and covenants by the Corporation not to sue third persons.

Section 3.4 Notice. The Corporation has used and will continue to use proper statutory notice in connection with its use of each of the Intellectual Property.

Section 3.5 Quality. The Corporation has used and will continue to use consistent standards of high quality (which may be consistent with the Corporation's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with all the trademarks comprised within the Intellectual Property, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the Intellectual Property.

Section 3.6 Perfection of Security Interest. Except for the filing of a financing statement with provincial or state personal property registries, and filings with the Canadian Intellectual Property Office, the United States Patent and Trademark Office and the United States Copyright Office, or the corresponding offices in any other country which may be necessary to perfect the Security Interest, no authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant by the Corporation of the Security Interest or for the

execution, delivery or performance of this Security Agreement by the Corporation or for the perfection of or the exercise by the Secured Party of its rights hereunder to the Collateral in Canada or the United States.

Section 3.7 Litigation and Proceedings. The Corporation shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit and its own expense, such suits, administrative proceedings, or other actions for infringement or other causes of action as are in its reasonable business judgment necessary to protect the Collateral. The Corporation shall diligently defend all suits, administrative proceedings or other actions brought by third parties in respect of the Intellectual Property or use thereof. The Corporation shall provide to the Secured Party any information with respect thereto requested by the Secured Party. The Secured Party may, but shall not be required to, provide at the Corporation's expense all necessary cooperation in connection with any such suits, proceedings or actions including, without limitation, joining as a necessary party. Following the Corporation becoming aware thereof, the Corporation shall promptly notify the Secured Party of the institution of or any adverse determination in any proceeding in any patent, trademark or copyright office or other regulatory authority, or any Canadian, United States, state, provincial or foreign court regarding the Corporation's claim of ownership in any of the Intellectual Property, its right to apply for the same or its right to keep and maintain such rights.

Section 3.8 Right to Inspect. The Corporation grants to the Secured Party and its employees and agents the right to visit the Corporation's plants and facilities in which products are manufactured, inspected, stored or processed and in which services are offered or performed in association with any of the Intellectual Property and to inspect the products and quality control records relating thereto at reasonable times during regular business hours.

ARTICLE 4

ENFORCEMENT

Section 4.1 Default. The Security Interest shall be and become enforceable against the Corporation (i) if and when it shall fail to make payments or perform any of the Obligations upon a declaration being made pursuant to section 7.2 of the Credit Agreement or when not the subject of a declaration pursuant to section 7.2 of the Credit Agreement, otherwise when due and payable or to be performed, as the case may be, pursuant to the provisions of the Credit Agreement and any applicable notice or cure period has elapsed, (ii) if and when any representation or warranty made by the Corporation in the Credit Agreement, this Security Agreement, the Guarantee or any other Credit Documents (as defined in the Credit Agreement) is incorrect in any material respect when made or when reaffirmed, or (iii) if and when the Corporation fails to observe or perform any covenant, condition or agreement to be observed or performed pursuant to this Security Agreement which could reasonably be expected to materially and adversely affect the Secured Party and any applicable notice or cure period has elapsed.

Section 4.2 Remedies. Whenever the Security Interest has become enforceable, the Secured Party may realize upon the Collateral and enforce the rights of the Secured Party by:

- (a) sale, assignment, license, sub-license, granting options or options to purchase or any other disposal of the Collateral including all associated goodwill;
- (b) collection of any proceeds arising in respect of the Collateral;

- (c) collection, realization or sale of or other dealing with Royalties;
- (d) the exercise of any contractual, legal or other rights or interests of the Corporation under or in respect of the Collateral;
- (e) the payment of any Lien that may exist or be threatened against the Collateral, in which event such amount and any costs, charges and expenses incurred in connection therewith shall be added to the Obligations;
- (f) the appointment by instrument in writing of a receiver (which term as used in this Security Agreement includes a receiver and manager) or agent of the Collateral and the removal or replacement of such receiver or agent from time to time;
- (g) the institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of the Collateral;
- (h) the institution of proceedings in any court of competent jurisdiction for sale or foreclosure of the Collateral;
- (i) filing proofs of claim and other documents to establish claims in any proceeding relating to the Corporation;
- (j) the set-off and application against the Obligations, to the fullest extent permitted by law, of any monies to be paid by the Secured Party to the Corporation under the Credit Agreement or any other agreement between the Secured Party and the Corporation; and
- (k) any other remedy or proceeding authorized or permitted by applicable law.

In addition, upon the occurrence of any Event of Default (as defined in the Credit Agreement), the Corporation shall grant to the Secured Party a royalty-free exclusive license to use the Intellectual Property and associated goodwill to the extent necessary to enable the Secured Party to use, possess and realize upon the Intellectual Property and to enable any successor or assign to enjoy the benefits of all the Intellectual Property.

Such remedies may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Secured Party however created. The Secured Party may proceed by way of any action, suit or other proceeding available at law and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party shall not be bound to exercise any such rights or remedies, and the exercise of such rights and remedies shall be without prejudice to the rights of the Secured Party in respect of the Obligations including the right to claim for any deficiency.

Section 4.3 Additional Rights. In addition to the remedies of the Secured Party set forth in Section 4.2, the Secured Party may, whenever the Security Interest has become enforceable, demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give valid and effectual receipts and discharges therefor and compromise or give time for the payment or performance of all or any part of the accounts or any contract or any other obligation of any third party to the Corporation relating to the Collateral.

Section 4.4 Concerning the Receiver.

(1) Any receiver appointed by the Secured Party shall be vested with the rights and remedies which could have been exercised by the Secured Party in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any instrument or instruments supplemental thereto. The identity of the receiver, any replacement thereof and any remuneration thereof shall be within the unfettered discretion of the Secured Party.

(2) Any receiver appointed by the Secured Party shall act as agent for the Secured Party for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below) as agent for the Corporation. The receiver may sell, assign, license, sublicense, grant options or options to purchase or otherwise dispose of Collateral, including all associated goodwill, as agent for the Corporation or as agent for the Secured Party (but in all cases shall take direction from the Secured Party) as the Secured Party may determine in its sole and unfettered discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions.

(3) The Secured Party, in appointing or refraining from appointing any receiver, shall not incur liability to the receiver, the Corporation or otherwise and shall not be responsible for any misconduct or negligence of such receiver.

Section 4.5 Appointment of Attorney. The Corporation hereby irrevocably appoints the Secured Party (and any officer thereof) as attorney of the Corporation (with full power of substitution) to exercise, whenever the Security Interest has become enforceable, in the name of and on behalf of the Corporation any of the Corporation's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement and delivery of any agreements, documents, instruments and any notices, receipts, assignments or verifications of or in respect of Royalties. All acts of any such attorney are hereby ratified and approved, and such attorney shall not be liable for any act, failure to act or any other matter or thing in connection therewith, except for its own negligence or wilful misconduct.

Section 4.6 Dealing with the Collateral and the Security Interest.

(1) The Secured Party shall not be obliged to exhaust its recourses against the Corporation or any other person or persons or against any other security the Secured Party may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Party may consider desirable.

(2) The Secured Party may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other persons, sureties or securities as the Secured Party may see fit, all without prejudice to the Obligations or the rights of the Secured Party in respect of the Collateral.

(3) The Secured Party shall not be (i) bound under any circumstances to realize upon the Collateral; (ii) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral; (iii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of the Secured Party and the Corporation or any other persons in respect thereof; (iv) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal

therewith other than as a result of its gross negligence or willful misconduct; or (v) bound to protect the Collateral from depreciating in value or becoming worthless.

(4) All moneys from time to time received by the Secured Party or the receiver may be applied as follows: first, in discharge of all operating expenses and other ongoings affecting the Collateral; second, in keeping in good standing all Liens on the Collateral having priority over the Security Interest; third, in payment of the remuneration and disbursements of the receiver (if any); fourth, in payment to the Secured Party of moneys payable hereunder and under the Credit Agreement or any other agreements between the Secured Party and the Corporation entered into pursuant thereto; and the balance, if any, shall be paid to the Corporation or as a court of competent jurisdiction may direct. If there shall be a deficiency, the Corporation shall remain liable for such deficiency and shall pay the amount of such deficiency to the Secured Party forthwith.

Section 4.7 Standards of Sale. Without prejudice to the ability of the Secured Party to dispose of the Collateral in any manner which is commercially reasonable, the Corporation acknowledges that a disposition of Collateral by the Secured Party which takes place substantially in accordance with the following provisions shall be deemed to be commercially reasonable:

- (a) Collateral may be disposed of in whole or in part;
- (b) Collateral may be disposed of by public action, public tender or private contract, with or without advertising and without any other formality;
- (c) any purchaser or licensee of such Collateral may be a customer or related party of the Secured Party;
- (d) a disposition of Collateral may be on such terms and conditions as to credit, deferred payment or otherwise as the Secured Party, in its discretion, may deem advantageous;
- (e) the Secured Party may establish an upset or reserve bid or price in respect of the Collateral; and
- (f) the Secured Party may buy in, rescind or vary any contract for the disposition of Collateral and may dispose of any Collateral again without being obligated to account or answer for any gain or loss occasioned thereby.

Section 4.8 Dealings by Third Parties. No person dealing with the Secured Party or its agent or a receiver shall be required (i) to determine whether the Security Interest has become enforceable; (ii) to determine whether the powers which the Secured Party or such agent or receiver on behalf of the Secured Party is purporting to exercise have become exercisable; (iii) to determine whether any money remains due to the Secured Party by the Corporation; (iv) to determine the necessity or expediency of the stipulations and conditions subject to which any sale or license shall be made; (v) to determine the propriety or regularity of any sale or of any other dealing by the Secured Party with the Collateral; or (vi) to see to the application of any money paid to the Secured Party.

Section 4.9 Statutory Waiver. To the fullest extent permitted by law, the Corporation waives all of the rights, benefits and protection provided to it by any statute which imposes limitations upon the rights, remedies or powers of a secured party.

ARTICLE 5

GENERAL

Section 5.1 Discharge. The Security Interest shall be released and discharged upon, but only upon, full payment of the Obligations and at the request and expense of the Corporation.

Section 5.2 No Merger, etc. No judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the Security Interest, which is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in respect of the Obligations.

Section 5.3 Waivers, etc. No amendment, consent or waiver by the Secured Party shall be effective unless made in writing and signed by an authorized officer of the Secured Party and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 5.4 Further Assurances. The Corporation shall from time to time, whether before or after the Security Interest shall have become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may reasonably require for protecting the Collateral or perfecting the Security Interest and for exercising all rights, remedies, powers, authorities and discretions hereby conferred upon the Secured Party, and the Corporation shall, from time to time after the Security Interest has become enforceable, do all such acts and things and execute and deliver all such deeds, transfers, assignments and instruments as the Secured Party may require for facilitating the sale of or other dealing with the Collateral in connection with any realization thereof.

Section 5.5 Notice. All notices, requests, demands, directions and communications (in this Section 5.5, "notices") hereunder shall be sent by telex, facsimile or similar means of recorded communication or hand delivery and shall be effective when hand delivered or, in the case of successful telex, facsimile or similar means of recorded communication, when received. All notices shall be given to the respective addresses on page 1 of this Security Agreement or, in either case, in accordance with any unrevoked written direction as to a change of address given in accordance with this Section 5.5.

Section 5.6 Successors and Assigns. This Security Agreement shall be binding upon the Corporation, its successors and permitted assigns, and shall enure to the benefit of the Secured Party and its successors and assigns. The Corporation may not assign or novate any of its rights or obligations under this Security Agreement without the prior written consent of the Secured Party. All rights of the Secured Party hereunder shall be assignable in accordance with the terms of the Credit Agreement.

Section 5.7 Headings, etc. The division of this Security Agreement into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 5.8 Severability. If and to the extent that any provision hereof shall conflict with any mandatory provision of the PPSA (including, without limitation, an exclusion or purported exclusion of a duty or onus imposed by the PPSA or a limitation or purported limitation of the liability of or the amount of damages recoverable from a person who has failed to discharge a duty or obligation imposed by the PPSA), such provision of the PPSA shall govern. The provisions of this Security

Agreement are intended to be severable. If any provision of this Security Agreement shall be held to be invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 5.9 Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

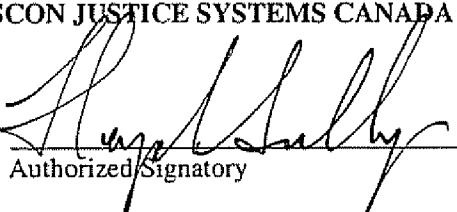
Section 5.10 Incorporation of Schedules. Schedules A, B and C shall, for all purposes hereof, form an integral part of this Security Agreement.

Section 5.11 Conflict. In the event of a conflict or inconsistency between the provisions of this Security Agreement and the provisions of the Guarantee and the Credit Agreement, the provisions of the Credit Agreement shall prevail.

Section 5.12 Acknowledgement of Receipt/Waiver. The Corporation acknowledges receipt of an executed copy of this Security Agreement and expressly waives the right to receive a copy of any financing statement or confirmation statement or financing change statement which may be registered by or on behalf of the Secured Party in connection with this Security Agreement or any verification statement issued with respect thereto, where such waiver is not otherwise prohibited by law.

IN WITNESS WHEREOF the Corporation has duly executed this Security Agreement as of the day and year set out below.

SYSCON JUSTICE SYSTEMS CANADA LTD.

Per: 
Authorized Signatory

Execution Date: May 19, 2006

SCHEDULE A

TRADEMARKS, TRADEMARK REGISTRATIONS AND PENDING APPLICATIONS

1. Owned Trademarks, Trademark Registrations and Pending Applications

United States

<u>Registration No.</u>	<u>Serial No.</u>	<u>Trademark</u>	<u>Expiry Date</u>
---	78/679,990	TAG OMS	---
---	78/679,999	FASTCHECK KIOSK	---

Canada

<u>Registration No.</u>	<u>Application No.</u>	<u>Trademark</u>	<u>Expiry Date</u>
---	1 265 630	TAG OMS	---
---	1 265 631	FASTCHECK KIOSK	---

2. Licensed Trademarks, Trademark Registrations and Pending Applications

NIL

SCHEDULE B

**PATENTS, PATENT APPLICATIONS, INDUSTRIAL DESIGNS AND INDUSTRIAL DESIGN
APPLICATIONS**

NIL

SCHEDULE C

COPYRIGHT APPLICATIONS AND REGISTRATIONS

1. Owned Copyright Applications and Registrations

United States

Registration No. Copyright Work

TXu 709-822 Offender Management System Software

TXu 709-823 Corrections Administrations Records Entry Software

Canada

Registration No. Copyright Work

453573 OMS (Offender Management System Software)

453572 CARE (Corrections Administrations Records Entry Software)

2. Licensed Copyright Applications and Registrations

The Technology License Agreement dated as of May 27, 2005 between Clear Wave Software, Inc. and Justice Knowledge Solutions, Inc., a wholly owned subsidiary of Syscon Justice Systems, Ltd. for the purpose of granting a limited license to use and distribute certain proprietary software programs, including:

- (a) Knowledge Center;
- (b) County Connect;
- (c) Probation Knowledge Center: Adult; and
- (d) Application Development Framework including the Component Libraries and Emitters.