

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "**Security Agreement**") is made as of April 28, 2010, by and between GGG INVESTMENTS LLC, a Delaware limited liability company ("**Lender**"), and IRON FIST INTERNATIONAL, INC., a California corporation ("**Borrower**"), who agree as follows:

1. Recitals. This Security Agreement is executed in contemplation of the following facts and circumstances:

1.1 Borrower has executed that certain Secured Promissory Note, in favor of Lender, dated concurrently herewith ("**Note**"), evidencing a loan payable to the order of Lender, in the original principal amount of \$400,000.00, payable with interest thereon and upon and subject to the provisions and conditions contained therein ("**Loan**"). The Loan is evidenced by the Note, and certain other instruments and documents that Borrower has executed and delivered to Lender (collectively, the "**Loan Documents**") including that certain Loan Agreement between Lender and Borrower (the "**Loan Agreement**"). All terms with initial capital letters not otherwise defined herein shall have the same meanings as set forth in the Loan Agreement.

1.2 As a further condition of the making of the Loan to Borrower, Lender has required Borrower to secure Borrower's performance under the provisions and conditions of the Loan Documents by granting Lender the security interest described herein.

1.3 Lender and Borrower acknowledge and agree that upon the occurrence of an "Event of Default" (as herein in the Loan Agreement), the parties intend that Lender shall have the right to seize, alienate and dispose of the "Collateral" (as herein defined), upon and subject to the provisions and conditions of this Security Agreement.

2. Grant of Security Interest. As security and collateral for the timely performance of all of Borrower's obligations, indebtedness and liabilities, direct or indirect, absolute or contingent, due or to become due, now existing and hereafter arising, under and pursuant to the Loan Documents or with respect to any loan to Borrower by Lender or any affiliate or subsidiary of Lender (collectively, the "**Obligations**"), Borrower hereby grants and transfers to Lender a security interest in any and all of the assets of Borrower, including, without limitation, the following: (i) any and all current and future accounts receivable, (ii) any and all fixtures, furniture and equipment, and (iii) any and all "Intellectual Property" (as herein defined) owned or licensed by Borrower (collectively, "**Collateral**"). As used herein, the term "Intellectual Property" shall mean and refer to all of Borrower's right title and interest in and to the following: (i) trademarks, trademark registrations, trade names, service marks, logos, prints, labels and trademark applications (collectively, "**Trademarks**"), (ii) patents and patent applications of the United States or any other country, issued or pending (collectively, "**Patents**"), (iii) copyright rights, copyright applications, copyright registrations and like protections (collectively, "**Copyrights**"), (iv) licenses and rights to use the Trademarks, Patents and Copyrights (the "**Licenses**"), (v) websites and domain names (collectively, the "**Websites**"), and (vi) income, royalties, damages and payments now and hereafter due or payable with respect to the Trademarks, Patents, Copyrights, Licenses or Websites.

Borrower also hereby grants and transfers to Lender a security interest in any and all proceeds, as defined in Section 9102 of the Uniform Commercial Code of the State of


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California, of the Collateral, or any part thereof; provided, however, nothing in this paragraph shall constitute or be deemed to constitute a grant of authority to Borrower to sell, lease or otherwise dispose of or encumber the Collateral, or any part thereof, without the prior written consent of Lender.

3. Attachment and Obligation Secured. The security interest hereby created shall attach immediately upon execution of this Security Agreement by Borrower and shall secure Borrower's performance under the provisions and conditions of the Loan Documents.

4. Representations and Warranties. Borrower hereby represents and warrants that the following matters are true and correct and that there are no facts or circumstances existing as of the date of this Security Agreement which Borrower has failed to disclose to Lender in writing, the omission of which could be materially misleading relative to the following representations and warranties:

4.1 The Collateral is free and clear of all prior claims, liens, security interests, charges, or encumbrances of any kind or nature, and Borrower has not agreed to pledge, dispose of or encumber the Collateral.

4.2 Borrower has the requisite right, power, and authority to encumber, assign, and deliver the Collateral in the manner specified by this Security Agreement.

4.3 No consent or approval of any governmental body, regulatory authority, person, trust, or entity is or will be (a) necessary to the validity of the rights created hereunder or (b) required prior to the assignment, transfer, and delivery of any of the Collateral to Lender.

4.4 No material dispute, right to setoff, counterclaim, or defense exists with respect to any part of the Collateral.

4.5 This Security Agreement constitutes the legal, valid, and binding obligation of Borrower, and is enforceable against Borrower and the Collateral in accordance with its provisions (subject to limitations to enforceability which might result from bankruptcy, insolvency, or other similar laws affecting creditors' rights generally).

4.6 The grant of the security interest created hereunder creates a valid, first priority security interest in the Collateral, which security interest is a perfected security interest, securing Borrower's performance under the provisions and conditions of the Loan Documents. Except as provided in the Loan Documents, Lender's security interest in the Collateral is superior to and protected against all current and future competing security interests or claims to the Collateral.

5. Affirmative Covenants. Borrower covenants (which covenants shall survive any default hereunder) that unless otherwise consented to in writing by Lender (which consent may be withheld in Lender's sole discretion), until Borrower has fulfilled all of its obligations under this Security Agreement and the Loan Documents, Borrower shall comply with the following covenants:

5.1 Borrower shall promptly satisfy and cause to be discharged and released of record any and all liens and charges against the Collateral;

5.2 Borrower shall comply with the requirements of all applicable laws, rules, regulations, and orders of any governmental agency, and all material agreements to

which it is a party where the failure to do so would have a material adverse affect on the Property or the Collateral;

5.3 Borrower shall perform, at the request of Lender, such acts as may be necessary or advisable to perfect any lien, security interest, or assignment provided herein or otherwise to carry out the intent of this Security Agreement; and

5.4 Borrower shall preserve, maintain, and protect the security interest provided for in this Security Agreement and shall defend the rights and interests of Lender in the Collateral against the claims and demands of all persons and entities.

5.5 Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Borrower shall be held by Borrower in trust for Lender and immediately shall be delivered by Borrower to Lender to be held as part of the Collateral.

6. Negative Covenants. Borrower covenants (which covenants shall survive any default hereunder) that, unless otherwise consented to in writing by Lender (which consent may be withheld in Lender's sole discretion), until Borrower has fulfilled all of its obligations under this Security Agreement and the Loan Documents, Borrower shall comply with the following covenants:

6.1 Borrower shall not change the nature or manner of conducting its business;

6.2 Borrower shall not pledge, grant, or permit to exist a security interest in or lien upon the Collateral, or any item thereof, now owned or hereafter acquired; except for the liens and security interest created by this Security Agreement;

6.3 Borrower shall not furnish to Lender any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact, the absence of which would cause such certificate or other document to be untrue.

6.4 Borrower shall not merge or consolidate with any person or entity or sell or convey all or substantially all of its assets to any person or entity.

7. Default. Any "Event of Default" (as defined in the Loan Agreement) under the Loan Agreement shall constitute a default by Borrower hereunder.

8. Rights and Remedies.

8.1 Upon the occurrence of an Event of Default, Lender, at its option, without prior notice or demand, may exercise any and all other rights and remedies provided for under the Uniform Commercial Code of the State of California and otherwise available at law or equity or otherwise to Lender under this Security Agreement and the Loan Documents.

8.2 If any notice to Borrower is required by law, such notice shall be deemed reasonable if mailed to Borrower at the address set forth herein, in accordance with the notice provisions hereof at least five (5) days before the time of the disposition of any of the Collateral.

8.3 The rights and remedies of Lender under this Security Agreement shall not be exhausted by the exercise of any of the rights or remedies of Lender pursuant to this

Security Agreement or any other agreement between Borrower and Lender or any action, proceeding or any number of successive actions or proceedings against Borrower, unless and until the Loan has been repaid and all of the Obligations, hereunder or under the Loan Documents, shall be fully performed and discharged. All rights and remedies afforded to Lender pursuant hereto or under any other agreement at any time in effect between Borrower and Lender (whether or not there are other parties in addition to Borrower and Lender) shall be separate and cumulative and in addition to any and all rights or remedies available at law, in equity or otherwise, and no one of such rights or remedies, whether exercised or not, shall be deemed to be in exclusion of any other right or remedy available and shall in no way limit or prejudice any other right or remedy. The exercise of any one of such rights or remedies shall not be deemed a waiver of, or an election not to exercise, any other right or remedy.

9. Rights of Lender.

9.1 The following provision shall apply at any time prior to Borrower's fulfillment of all of its obligations under the Loan Documents: Lender shall be entitled to apply the proceeds received from the disposition of the Collateral on default of Borrower, in addition to the items specified in Division 9 of the Uniform Commercial Code of California, to the payment of principal, interest and other charges payable under the Note, to payment of attorneys' fees and legal expenses incurred by the Lender as a result of Borrower's default and(or) to the payment of any other amounts payable to Lender.

10. Lender's Expenditures. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Security Agreement or any Loan Document, including, without limitation, Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Security Agreement or any Loan Document, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including, without limitation, discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes shall then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenditures shall become a part of the Obligations and, at Lender's option, shall be payable on demand. The Security Agreement shall secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon a default hereunder.

11. Financing Statement. Borrower acknowledges and agrees that Lender is in control of the Collateral and, as evidence thereof, Lender has a perfected security interest therein. However, if Lender so requests, Borrower (as applicable) and Lender shall file any financing statement or statements describing the security interests created by this Security Agreement. Such financing statement or statements shall be on a form or forms approved by Lender, and Borrower shall forthwith pay to Lender the filing fees required to file such statement or statements and Lender shall file such statement or statements in the manner required by the Uniform Commercial Code of California. Lender shall additionally have the right, in its sole and absolute discretion, to file any financing statement or statements with the United States Patent and Trademark Office, the United States Copyright Office, or any domestic or international intellectual property agency.

12. Power of Attorney. Without limiting the foregoing, Borrower hereby irrevocably constitutes and appoints Lender as its attorney-in-fact, coupled with an interest, with full power of substitution to sign or endorse Borrower's name on any such financing statement or other document, and further authorizes Lender to file or record such financing statements with the Secretary of State of the State of California and in all other places Lender deems appropriate, and to assign, transfer, pledge, and set over all or any part of the Collateral in accordance with the provisions of this Security Agreement, and for that purpose to make and execute all necessary acts of assignment and transfer, and to substitute one or more persons with like power, hereby ratifying and confirming all that said attorneys, or their substitute or substitutes, shall lawfully do by virtue hereof.

13. Attorneys' Fees. In the event any action or proceeding is commenced to enforce or interpret any of the provisions of this Security Agreement, to recover damage for breach of any of the provisions of this Security Agreement, or to otherwise obtain relief in connection with this Security Agreement, the prevailing party shall be entitled to recover attorneys' fees and costs from the other party, whether or not such action or proceeding proceeds to judgment.

14. Waiver. No right or power of Lender under this Security Agreement shall be deemed to have been waived by any act or conduct on the part of Lender, or by neglect to exercise that right of power, by any delay in doing so. Every right or power shall continue in full force and effect until specifically waived or released by Lender in writing.

15. Notices. Any notice, request, demand, instruction, or other communication to be given hereunder to any party shall be in writing and shall be (a) telecopied and personally delivered or (b) telecopied and sent by registered or certified mail, return receipt requested. If mailed, each notice or communication shall be deemed received upon actual receipt after deposit in United States mail, postage prepaid, and addressed to the person to receive such notice or communication at the following address:

To Lender: GGG Investments LLC
4370 La Jolla Village Drive, Suite 600
San Diego, California 92122
Facsimile: (858) 587-0466

With a Copy to: Seltzer Caplan McMahon Vitek
750 B Street, Suite 2100
San Diego, California 92101
Attn: Brian T. Seltzer, Esq.
Facsimile: (619) 702-6808

To Borrower: Iron Fist International, Inc.
8605 Commerce Ave. Suite B
San Diego, California 92121
Facsimile: (858) 586-1113

16. Termination. This Security Agreement shall terminate and the Collateral pledged herein shall be released from the lien of this Security Agreement at such time as Borrower has fulfilled all of the Obligations. Lender shall then execute Form UCC-3 releasing the Collateral from the lien imposed by this Security Agreement.



17. Miscellaneous.

17.1 This Security Agreement together with the Loan Documents and the UCC-1 Financing Statement(s) referenced herein, and such other documents referenced therein, represent the entire understanding of the parties with respect to the subject matter herein and supersede all correspondence, memoranda, conversations or other communications with respect thereto.

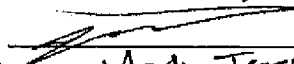
17.2 The section headings in this Security Agreement are intended solely for convenience and shall be given no effect in the construction and interpretation hereof.

17.3 This Security Agreement may be executed in counterparts, all of which taken together shall constitute one single agreement.

17.4 In the event any one or more of the provisions of this Security Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Security Agreement shall be construed as if the invalid, illegal or unenforceable provision had not been included.


LENDER:

GGG INVESTMENTS LLC,
a Delaware limited liability company

By: 
Name: Mark Teperian
Its: Manager

BORROWER:

IRON FIST INTERNATIONAL, INC.,
a California corporation

By: 
Name: TRAVES ANDERSON
Its: CEO