

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Black Diamond Video, Inc.		08/16/2012	CORPORATION: CALIFORNIA
RECEIVING PARTY DATA			
Name:	Black Diamond Group LLC		
Street Address:	7755 Montgomery Road, Suite 400		
City:	Cincinnati		
State/Country:	OHIO		
Postal Code:	45236-4201		
Entity Type:	LIMITED LIABILITY COMPANY: OHIO		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	3351339	BLACK DIAMOND VIDEO	
CORRESPONDENCE DATA			
Fax Number:	5133611201		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	513.361.1200		
Email:	trademark@squiresanders.com		
Correspondent Name:	Andrew M. Simon		
Address Line 1:	Squire Sanders (US) LLP		
Address Line 2:	221 E. Fourth St., Suite 2900		
Address Line 4:	Cincinnati, OHIO 45202		
ATTORNEY DOCKET NUMBER:	108443.00002		
NAME OF SUBMITTER:	Andrew M. Simon		
Signature:	/Andrew Simon/		

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Date:

08/23/2012

Total Attachments: 16

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of August 16, 2012 (this "*Security Agreement*"), is made by and among BLACK DIAMOND VIDEO, INC. a California corporation ("*Grantor*") and BLACK DIAMOND GROUP LLC, an Ohio limited liability corporation (the "*Secured Party*").

RECITALS

A. As of the date hereof, the Secured Party has made made certain advances of money and extended certain financial accommodation to Grantor as evidenced by that certain Secured Convertible Promissory Note, dated August 16, 2012 executed by Grantor in favor of Secured Party (the "*Note*") in the original principal amount of \$2,000,000 (the "*Principal Sum*"), such advances and financial accommodation being referred to herein as the "*Loans*." The Principal Sum is due and payable in full on the Maturity Date (as defined in the Note) in accordance with terms set forth in the Note.

B. The Secured Party agreed to make the Loans to Grantor only upon the condition, among others, that Grantor shall have executed and delivered to the Secured Party this Security Agreement.

AGREEMENT

NOW, THEREFORE, in order to induce the Secured Party to advance sums in accordance with the Note, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, Grantor hereby represents, warrants, covenants and agrees as follows:

1. **DEFINED TERMS.** When used in this Security Agreement the following terms shall have the following meanings (such meanings being equally applicable to both the singular and plural forms of the terms defined):

"*Bankruptcy Code*" means Title XI of the United States Code, as may be amended from time to time.

"*Collateral*" shall have the meaning assigned to such term in Section 2 of this Security Agreement.

"*Contracts*" means all contracts (including any customer, vendor, supplier, service or maintenance contract), leases, licenses, undertakings, purchase orders, permits, franchise agreements or other agreements (other than any right evidenced by Chattel Paper, Documents or Instruments), whether in written or electronic form, in or under which Grantor now holds or hereafter acquires any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

"*Copyright License*" means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in or to any Copyright or Copyright registration (whether Grantor is the licensee or the licensor thereunder)

including, without limitation, licenses pursuant to which Grantor has obtained the exclusive right to use a copyright owned by a third party.

“Copyrights” means all of the following now owned or hereafter acquired or created (as a work for hire for the benefit of Grantor) by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, in whole or in part: (a) all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof or any other country; (b) registrations, applications, recordings and proceedings in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or any other country; (c) any continuations, renewals or extensions thereof; (d) any registrations to be issued in any pending applications, and shall include any right or interest in and to work protectable by any of the foregoing which are presently or in the future owned, created or authorized (as a work for hire for the benefit of Grantor) or acquired by Grantor, in whole or in part; (e) prior versions of works covered by copyright and all works based upon, derived from or incorporating such works; (f) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to copyrights, including, without limitation, damages, claims and recoveries for past, present or future infringement; (g) rights to sue for past, present and future infringements of any copyright; and (h) any other rights corresponding to any of the foregoing rights throughout the world.

“Event of Default” means the occurrence of one or more of the Events of Default described in the Note.

“Intellectual Property” means any intellectual property, in any medium, of any kind or nature whatsoever, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include, in any event, any Copyright, Trademark, Patent, trade secret, customer list, internet domain name (including any right related to the registration thereof), proprietary or confidential information, mask work, source, object or other programming code, invention (whether or not patented or patentable), technical information, procedure, design, knowledge, know-how, software, data base, data, skill, expertise, recipe, experience, process, model, drawing, material or record.

“License” means any Copyright License, Patent License, Trademark License or other license of rights or interests, whether in-bound or out-bound, whether in written or electronic form, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall include any renewals or extensions of any of the foregoing thereof.

“Lien” means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

“Patent License” means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right with respect to any invention on which a Patent is in existence (whether Grantor is the licensee or the licensor thereunder).

“**Patents**” means all of the following in which Grantor now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof and all applications for letters patent of the United States or any other country, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country; (b) all reissues, divisions, continuations, renewals, continuations-in-part or extensions thereof; (c) all petty patents, divisionals and patents of addition; (d) all patents to issue in any such applications; (e) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to patents, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (f) rights to sue for past, present and future infringements of any patent.

“**Permitted Lien**” means: (a) any Liens in favor of Secured Party; (b) any Liens existing on the date of this Security Agreement and set forth on **Schedule A** attached hereto; (c) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (d) Liens (i) upon or in any Equipment acquired or held by Grantor to secure the purchase price of such Equipment or indebtedness (including capital leases) incurred solely for the purpose of financing the acquisition of such Equipment or (ii) existing on such Equipment at the time of its acquisition, provided that the Lien is confined solely to the Equipment so acquired, improvements thereon and the Proceeds of such Equipment; (e) leases or subleases and licenses or sublicenses granted to others in the ordinary course of Grantor’s business; (f) any right, title or interest of a licensor under a license; (g) Liens arising from judgments, decrees or attachments that have been stayed or bonded within fifteen (15) days after notice thereof; (h) easements, reservations, rights-of-way, restrictions, minor defects or irregularities in title and other similar Liens affecting real property not interfering in any material respect with the ordinary conduct of the business of Grantor; (i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; (j) Liens arising solely by virtue of any statutory or common law provision relating to banker’s liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; (k) Liens in favor of a depository bank or a securities intermediary pursuant to such depository bank’s or securities intermediary’s customary customer account agreement; provided that any such Liens shall at no time secure any indebtedness or obligations other than customary fees and charges payable to such depository bank or securities intermediary; (l) Liens pursuant to the terms of customer contracts entered into in the ordinary course of Grantor’s business if such do not interfere in any material respect with the business of Grantor; (m) statutory or common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other similar Liens, arising in the ordinary course of business and securing obligations that are not yet delinquent or are being contested in good faith by appropriate proceedings; (n) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, surety and appeal bonds, government contracts, performance and return-of-money bonds, and other obligations of like nature, in each case, in the ordinary course of business; (o) Liens incurred or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security; (p) Liens not otherwise permitted, which Liens do not in the aggregate exceed \$25,000 at any one time; (q) pledges and deposits securing liability for reimbursement or indemnification obligations in respect of letters of credit or bank guarantees for the benefit of

landlords; and (r) Liens incurred in connection with the extension, renewal or refinancing of indebtedness secured by Liens permitted under the preceding clauses, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

“Secured Obligations” means the all of the obligations of any kind that Grantor owes to the Secured Party, including, but not limited to, the obligation of Grantor to repay the Secured Party all of the unpaid principal amount of, and any accrued interest on, the Loans.

“Security Agreement” means this Security Agreement and all schedules and exhibits hereto, as the same may from time to time be amended, modified, waived, supplemented or restated.

“Trademark License” means any agreement, whether in written or electronic form, in which Grantor now holds or hereafter acquires any interest, granting any right in and to any Trademark or Trademark registration (whether Grantor is the licensee or the licensor thereunder).

“Trademarks” means any of the following in which Grantor now holds or hereafter acquires any interest: (a) any trademarks, tradenames, corporate names, company names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof and any applications in connection therewith, including, without limitation, registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country (collectively, the “Marks”); (b) any reissues, extensions or renewals thereof; (c) the goodwill of the business symbolized by or associated with the Marks; (d) income, royalties, damages, claims and payments now and hereafter due and/or payable with respect to the Marks, including, without limitation, damages, claims and recoveries for past, present or future infringement; and (e) rights to sue for past, present and future infringements of the Marks.

“UCC” means the Uniform Commercial Code as the same may from time to time be in effect in the State of California (and each reference in this Security Agreement to an Article thereof (denoted as a Division of the UCC as adopted and in effect in the State of California) shall refer to that Article (or Division, as applicable) as from time to time in effect; *provided, however*, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Secured Party’s security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term “UCC” shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

In addition, the following terms shall be defined terms having the meaning set forth for such terms in the UCC: “Account” (including health-care-insurance receivables), “Account

Debtor”, “Chattel Paper” (including tangible and electronic chattel paper), “Commercial Tort Claims”, “Commodity Account”, “Deposit Account”, “Documents”, “Equipment” (including all accessions and additions thereto), “Fixtures”, “General Intangible” (including payment intangibles and software), “Instrument”, “Inventory” (including all goods held for sale or lease or to be furnished under a contract of service, and including returns and repossessions), “Investment Property” (including securities and securities entitlements), “Letter-of-Credit Right” (whether or not the letter of credit is evidenced by a writing), “Payment Intangibles”, “Proceeds”, “Promissory Notes”, “Securities Account”, and “Supporting Obligations”. Each of the foregoing defined terms shall include all of such items now owned, or hereafter acquired, by Grantor.

2. GRANT OF SECURITY INTEREST. As collateral security for the full, prompt, complete and final payment and performance when due (whether at stated maturity, by acceleration or otherwise) of all the Secured Obligations and in order to induce the Secured Party to not demand immediate repayment of the Loans, Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to the Secured Party, on behalf of the Secured Party, a security interest in all of Grantor’s right, title and interest in, to and under the following, whether now owned or hereafter acquired (all of which being collectively referred to herein as the “*Collateral*”):

- (a) All Accounts of Grantor;
- (b) All Chattel Paper of Grantor;
- (c) All Commercial Tort Claims of Grantor;
- (d) All Contracts of Grantor;
- (e) All Deposit Accounts of Grantor;
- (f) All Documents of Grantor;
- (g) All Equipment of Grantor;
- (h) All Fixtures of Grantor;
- (i) All General Intangibles of Grantor, including, without limitation, Payment Intangibles, all Copyrights, Patents, Trademarks, Licenses, designs, drawings, technical information, marketing plans, customer lists, trade secrets, proprietary or confidential information, inventions (whether or not patentable), procedures, know-how, models and data;
- (j) All Instruments of Grantor, including, without limitation, Promissory Notes;
- (k) All Inventory of Grantor;
- (l) All Investment Property of Grantor;
- (m) All Letter-of Credit Rights of Grantor;

(n) All Supporting Obligations of Grantor;

(o) All property of Grantor held by the Secured Party, including, without limitation, all property of every description now or hereafter in the possession or custody of or in transit to any Secured Party or such other party for any purpose, including, without limitation, safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power;

(p) All other goods and personal property of Grantor, wherever located, whether tangible or intangible, and whether now owned or hereafter acquired, existing, leased or consigned by or to Grantor; and

(q) To the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for and rents, profits and products of each of the foregoing.

3. RIGHTS OF SECURED PARTY; COLLECTION OF ACCOUNTS.

(a) Notwithstanding anything contained in this Security Agreement to the contrary, Grantor expressly agrees that it shall remain liable under each of its Contracts and each of its Licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract or License. The Secured Party shall not have any obligation or liability under any Contract or License by reason of or arising out of this Security Agreement or the granting to the Secured Party of a lien therein or the receipt by the Secured Party of any payment relating to any Contract or License pursuant hereto, nor shall the Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any Contract or License, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or License, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) The Secured Party authorizes Grantor to collect its Accounts. Upon the occurrence and during the continuance of any Event of Default, at the request of the Secured Party, Grantor shall deliver all original and other documents evidencing and relating to the performance of labor or service which created such Accounts, including, without limitation, all original orders, invoices and shipping receipts.

(c) The Secured Party may at any time, upon the occurrence and during the continuance of any Event of Default, notify Account Debtors of Grantor, parties to the Contracts of Grantor, obligors in respect of Instruments of Grantor and obligors in respect of Chattel Paper of Grantor that the Accounts and the right, title and interest of Grantor in and under such Contracts, Instruments and Chattel Paper have been assigned to the Secured Party and that payments shall be made directly to the Secured Party. Upon the request of the Secured Party, upon the occurrence and during the continuance of any Event of Default, Grantor shall so notify

such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper. Upon the occurrence and during the continuance of any Event of Default, the Secured Party may, in its name or in the name of others, communicate with such Account Debtors, parties to such Contracts, obligors in respect of such Instruments and obligors in respect of such Chattel Paper to verify with such parties, to the Secured Party's satisfaction, the existence, amount and terms of any such Accounts, Contracts, Instruments or Chattel Paper.

4. COVENANTS. Unless the Secured Party otherwise consents, Grantor covenants and agrees with the Secured Party that from and after the date of this Security Agreement and until the Secured Obligations have been performed and paid in full:

4.1 Disposition of Collateral. Grantor shall not sell, lease, assign, transfer, or otherwise dispose of any material amount of its property or assets, whether now owned or hereafter acquired, (a) except in the ordinary course of its business (including the sale of Inventory) and (b) except for the disposal of obsolete, worn out, or replaced Equipment not used or useful in its business.

4.2 Maintenance of Corporate Existence; Change of Jurisdiction and Fiscal Year. Grantor shall maintain and preserve its existence as a California corporation and all material rights, privileges and franchises necessary or desirable in the normal conduct of its business, and shall perform in all material respects all of its contractual obligations under agreements and contracts by which it is bound. Grantor shall not change its jurisdiction of organization without notice to the Secured Party at least ninety (90) days prior to such change, or change its fiscal year (except as required by law, in which case it shall promptly notify the Secured Party of such change in fiscal year).

4.3 Relocation of Business. Grantor shall not relocate its chief executive office, principal place of business or its records without at least seven (7) days prior notice to the Secured Party.

4.4 Change of Name. Without at least thirty (30) days' prior written notice to the Secured Party, Grantor shall not change its location (as defined in Section 9307 of the UCC) or change its name from the name shown as its current legal name on Annex 1.

4.5 Limitation on Indebtedness. Grantor shall not (i) incur, create, assume, or permit to exist any indebtedness except for the Note or (ii) become liable as a surety, guarantor, accommodation endorser or otherwise for or upon the obligation of any other Person; *provided, however*, that this Section 4.5 shall not be deemed to prohibit:

(a) the acquisition of goods, supplies or merchandise in the normal course of business or normal trade credit; or

(b) the endorsement of negotiable instruments received in the normal course of its business.

4.6 Limitation on Liens on Collateral. Grantor shall not, directly or indirectly, create, permit or suffer to exist any Lien on the Collateral, and shall defend the

Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, except (a) Permitted Liens and (b) the Lien granted to the Secured Party under this Security Agreement.

4.7 Insurance. Grantor shall maintain insurance policies insuring the Collateral against loss or damage from such risks and in such amounts and forms and with such companies as are customarily maintained by businesses similar to Grantor.

4.8 Taxes, Assessments, Etc. Grantor shall pay promptly when due all property and other taxes, assessments and government charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment, Fixtures or Inventory, except to the extent the validity or amount thereof is being contested in good faith and adequate reserves are being maintained in connection therewith.

4.9 Compliance with Law; Permits. Grantor shall, at its expense, (a) comply, or cause compliance, in all material respects, with all laws, whether or not compliance therewith shall require major changes in operational practices or interfere with the operation of Grantor or any part thereof, and (b) procure, maintain and comply with, or cause to be procured, maintained and complied with, in all material respects, all permits required by law.

4.10 Defense of Intellectual Property. Grantor shall use commercially reasonable efforts to (i) protect, defend and maintain the validity and enforceability of all Copyrights, Patents and Trademarks material to Grantor's business and (ii) detect infringements of all Copyrights, Patents and Trademarks material to Grantor's business.

4.11 Limitation on Distributions and Extensions of Credit. Grantor shall not make or declare any distribution on, or other payment on account of, any equity interest in Grantor, unless (a) no Default or Event of Default under the Note shall have occurred and be continuing or will occur as a result of such distribution or payment; (b) after giving effect to such distribution or payment, Grantor shall have sufficient funds available to pay all interest and principal due under the Note on the Maturity Date (as defined in the Note); and (c) all operating expenditures, management and other fees, tax liabilities that have become due and payable shall have been paid, and Grantor shall have sufficient funds available to pay all such amounts to become due and payable during the next quarterly accounting period; provided that any distribution or payment permitted by this Section 4.11 shall not be made or declared more than once during each quarterly accounting period of Grantor. Grantor shall not make or permit to remain outstanding any advances, loans, or extensions of credit to, or purchase or own any stock, bonds, notes, debentures or other securities of, any Person.

4.12 Limitation on Subsidiaries. Grantor shall not create or acquire any subsidiary, other than a subsidiary that is wholly-owned by Grantor, in which case Grantor shall notify the Secured Party in writing prior to creating or acquiring such wholly-owned subsidiary.

4.13 Further Assurances. At any time and from time to time, upon the written request of the Secured Party, and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as the Secured Party may reasonably deem necessary or desirable to obtain the full

benefits of this Security Agreement, including, without limitation, (a) executing, delivering and causing to be filed any financing or continuation statements (including "in lieu" continuation statements) under the UCC with respect to the security interests granted hereby, (b) at the Secured Party's reasonable request, filing or cooperating with the Secured Party in filing any forms or other documents required to be recorded with the United States Patent and Trademark Office, United States Copyright Office, (c) at the Secured Party's reasonable request, placing the interest of the Secured Party as lienholder on the certificate of title (or similar evidence of ownership) of any vehicle, watercraft or other Equipment constituting Collateral owned by Grantor which is covered by a certificate of title (or similar evidence of ownership), (d) at the Secured Party's reasonable request, executing and delivering and using commercially reasonable efforts to cause the applicable depository institution, securities intermediary, commodity intermediary or issuer or nominated party under a letter of credit to execute and deliver a collateral control agreement with respect to any Deposit Account, Securities Account or Commodity Account or Letter-of-Credit Right in or to which Grantor has any right or interest and (e) at the Secured Party's reasonable request, using commercially reasonable efforts to obtain acknowledgments from bailees having possession of any Collateral and waivers of liens from landlords and mortgagees of any location where any of the Collateral may from time to time be stored or located.

4.14 Financing Statements. Grantor hereby authorizes the Secured Party to file or cause to be filed any financing or continuation statements with respect to the security interests granted hereby (including "in lieu" continuation statements) without the signature of Grantor.

5. RIGHTS AND REMEDIES UPON DEFAULT. Beginning on the date which is three (3) days after any Event of Default shall have occurred and while such Event of Default is continuing:

(a) The Secured Party may exercise in addition to all other rights and remedies granted to it under this Security Agreement, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event the Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other person, may (i) reclaim, take possession, recover, store, maintain, finish, repair, prepare for sale or lease, shop, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and in connection with the liquidation of the Collateral and collection of the accounts receivable pledged as Collateral, use any Trademark, Copyright, or process used or owned by Grantor and (ii) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at the Secured Party's offices or elsewhere at such prices as it may deem commercially reasonable, for cash or on credit or for future delivery without assumption of any credit risk. Grantor further agrees, at the Secured Party's request, to assemble the Collateral and make it available to the Secured party at places which the Secured party shall reasonably select, whether at Grantor's premises or elsewhere. The Secured Party shall apply the net proceeds of any such collection, recovery, receipt,

appropriation, realization or sale as provided in Section 6(e), below, with Grantor remaining liable for any deficiency remaining unpaid after such application. Grantor agrees that the Secured Party need not give more than twenty (20) days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters.

(b) As to any Collateral constituting certificated securities or uncertificated securities, if, at any time when the Secured Party shall determine to exercise its right to sell the whole or any part of such Collateral hereunder, such Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under Securities Act of 1933, as amended (as so amended the "*Act*"), the Secured Party may, in its discretion (subject only to applicable requirements of law), sell such Collateral or part thereof by private sale in such manner and under such circumstances as the Secured Party may deem necessary or advisable, but subject to the other requirements of this Section 6(b), and shall not be required to effect such registration or cause the same to be effected. Without limiting the generality of the foregoing, in any such event the Secured Party may, in its discretion, (i) in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Collateral or part thereof could be or shall have been filed under the Act; (ii) approach and negotiate with a single possible purchaser to effect such sale; and (iii) restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment, and not with a view to the distribution or sale of such Collateral or part thereof. In addition to a private sale as provided above in this Section 6(b), if any of such Collateral shall not be freely distributable to the public without registration under the Act at the time of any proposed sale hereunder, then the Secured Party shall not be required to effect such registration or cause the same to be effected but may, in its discretion (subject only to applicable requirements of law), require that any sale hereunder (including a sale at auction) be conducted subject to such restrictions as the Secured Party may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the Bankruptcy Code and other laws affecting the enforcement of creditors' rights and the Act and all applicable state securities laws.

(c) Grantor also agrees to pay all fees, costs and expenses of the Secured Party, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its rights and remedies hereunder.

(d) Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(e) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by the Secured Party in the following order of priorities:

FIRST, to the Secured Party in an amount sufficient to pay in full the reasonable costs of such Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by the Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to the Secured Party in the amount of the then unpaid Secured Obligations owing to such Secured Party; and

FINALLY, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

6. REMEDIES CUMULATIVE; DELAY NOT WAIVER.

6.1 Remedies Cumulative. No right, power or remedy herein conferred upon or reserved to the Secured Party is intended to be exclusive of any other right, power or remedy, and every such right, power and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

6.2 No Waiver. No delay or omission of the Secured Party to exercise any right or power accruing upon the occurrence and during the continuation of an Event of Default shall impair any such right or power of the Secured Party, nor shall it be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Security Agreement may be exercised from time to time, and as often as shall be deemed expedient, by the Secured Party upon the occurrence and during the continuation of an Event of Default.

7. REPRESENTATIONS AND WARRANTIES. Grantor represents and warrants, as of the date hereof and as of the date that any after-acquired Collateral is delivered, to the Secured Party as follows:

7.1 The federal tax identification number of Grantor is 20-1558316.

7.2 The legal name, type of organization, jurisdiction of organization and the mailing address of Grantor as of the date hereof is correctly set forth in Annex 1. Grantor has not changed its location (as defined in Section 9307 of the UCC) or previously changed its name.

7.3 Grantor is the owner of the Collateral free from any adverse Lien, security interest, claim or other encumbrance, except for the security interest created by this Security Agreement and other Permitted Liens. No financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Secured Party pursuant to this Security Agreement or those perfecting other Permitted Liens.

7.4 The security interests created pursuant to this Security Agreement and the Note, (a) upon completion of the filings and other actions required hereby and subject to obtaining any necessary third party consents, will constitute valid perfected security interests in all of the Collateral in favor of the Secured Party, as collateral security for the Secured Obligations, enforceable in accordance with the terms hereof and (b) are prior to all other Liens on the Collateral, except any Permitted Liens entitled to priority by operation of law.

8. INDEMNITY. Grantor agrees to defend, indemnify and hold harmless the Secured Party and its officers, employees, and agents against (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by any Secured Party as a result of or in any way arising out of, following or consequential to transactions between or among the Secured Party and Grantor, whether under this Security Agreement or otherwise (including without limitation, reasonable attorneys fees and expenses).

9. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

10. MISCELLANEOUS.

10.1 Termination of this Security Agreement. Subject to Section 8 hereof, this Security Agreement shall terminate upon the payment and performance in full of the Secured Obligations.

10.2 Successor and Assigns. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of the Secured Party hereunder, inure to the benefit of the Secured Party, any future holder of any of the indebtedness and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Secured Obligations or any portion thereof or interest therein shall in any manner affect the lien granted to the Secured Party hereunder.

10.3 Gender; Number. In this Security Agreement, the singular shall include the plural, and each gender shall include the other.

10.4 Amendments. This Security Agreement may be amended and provisions may be waived upon mutual written agreement of Grantor and the Secured Party.

10.5 Waiver. Grantor, for itself and its legal representatives, successors, and assigns, expressly waives demand, notice of nonpayment, presentment for demand, presentment for the purpose of accelerating maturity, dishonor, notice of dishonor, protest, notice of protest, notice of maturity, and diligence in collection.

10.6 Governing Law. This Security Agreement shall be construed in accordance with the laws of the State of California. Grantor hereby consents to the jurisdiction of the courts of the State of California with respect to any matter relating to the enforcement of any rights created by or evidenced in this Security Agreement.

10.7 Captions. The section and subsection headings in this Security Agreement are included for purposes of convenience and reference only and shall not affect in any way the meaning or interpretation of this Security Agreement.

10.8 Collection and Other Costs. Grantor agrees to pay all of the Secured Party's (i) reasonable attorneys' fees incurred in connection with the preparation of the Note and this Security Agreement, and (ii) court costs and attorneys' fees if counsel is engaged to assist in the collection of amounts due under this Security Agreement after a default hereunder, or under the Note after a default thereunder, or if any action is commenced to construe or enforce the terms of this Security Agreement.

10.9 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at the following addresses (or at such other addresses as shall be specified by notice given in accordance with this Section 10.9):

If to Grantor:

Black Diamond Video, Inc.
503 Canal Blvd.
Richmond, California 94804
Attn: Edward Priest
Email: edp@blackdiamondvideo.com
Fax: 510-439-4599

If to the Secured Party:

Black Diamond Group LLC
7755 Montgomery Road
Suite 400
Cincinnati, Ohio 45236
Attn: Jared Davis
Fax: 513-229-6744

10.10 Counterparts. This Security Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

GRANTOR:

BLACK DIAMOND VIDEO, INC.

By: Edward J. Priest
Name: Edward J. Priest
Title: CEO

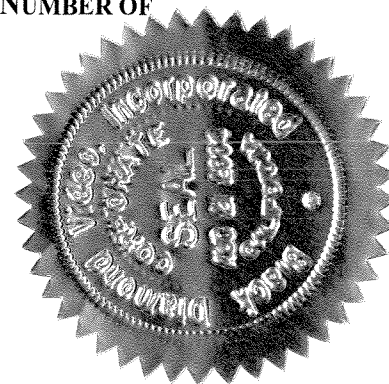
ADDRESS OF GRANTOR:

Black Diamond Video Inc. 503 Canal Blvd.

Richmond, CA 94804

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:

20-1558316



SECURED PARTY:

BLACK DIAMOND GROUP, LLC
an Ohio limited liability corporation

By: _____
Name: Jared Davis
Title: Sole Member

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer on the date first set forth above.

GRANTOR:

BLACK DIAMOND VIDEO, INC.

By: _____

Name: _____

Title: _____

ADDRESS OF GRANTOR:

TAXPAYER IDENTIFICATION NUMBER OF GRANTOR:

SECURED PARTY:

BLACK DIAMOND GROUP, LLC
an Ohio limited liability corporation

By:  _____

Name: Jared Davis

Title: Sole Member

ANNEX 1

Current legal name of Grantor

Black Diamond Video, Inc.