

06-23-1999



101073637

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

MD 6-14-99

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID # _____

Correction of PTO Error
Reel # _____ Frame # _____

Corrective Document
Reel # _____ Frame # _____

Conveyance Type

Assignment License

Security Agreement Nunc Pro Tunc Assignment

Merger Change of Name

Other _____

Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name SYSTEMS ENGINEERING & MANAGEMENT COMPANY Execution Date
Month Day Year
05 04 99

Formerly _____

Individual General Partnership Limited Partnership Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Delaware

Receiving Party

Mark if additional names of receiving parties attached

Name ALTRES FINANCIAL, L.P.

DBA/AKA/TA _____

Composed of _____

Address (line 1) 2323 South Foothill Boulevard

Address (line 2) _____

Address (line 3) Salt Lake City UT USA 84109
City State/Country Zip Code

Individual General Partnership Limited Partnership Corporation Association

Other _____

Citizenship/State of Incorporation/Organization Hawaii

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

06/17/1999 TSHRGAZZ 00000011 2044762
06 201487 43.00 00

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 001916 FRAME: 0591

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="2044762"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

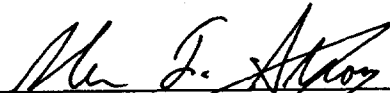
No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Glen F. Strong

Name of Person Signing



Signature

6-10-99

Date Signed

**COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT
(Intellectual Property)**

This Assignment and Security Agreement (the "Agreement") is made between SYSTEMS ENGINEERING & MANAGEMENT COMPANY, a Delaware corporation doing business as DELAWARE SYSTEMS ENGINEERING & MANAGEMENT COMPANY ("Borrower"), and ALTRES FINANCIAL, L.P., a Hawaii limited partnership ("Secured Party").

This Agreement is made pursuant to a Loan and Security Agreement between Secured Party and Borrower dated December 28, 1998 (as previously amended, the "Loan Agreement").

For good and valuable consideration, receipt of which is hereby acknowledged, Borrower and Secured Party hereby agree as follows:

1. Assignment and Grant of Security Interest.

a. Patents. Borrower hereby grants, assigns, and conveys to Secured Party, for purposes of security, all right, title and interest of Borrower in and to the patent applications and patents listed on the Schedule of Patents hereto, which is incorporated herein by reference, including, without limitation, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world, and all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof (collectively, the "Patents").

b. Trademarks. Borrower hereby grants, assigns, and conveys to Secured Party, for purposes of security, all right, title and interest of Borrower in and to the trademark applications and trademarks listed on the Schedule of Trademarks hereto, which is incorporated herein by reference, including, without limitation, all renewals thereof, all proceeds thereof (such as, by way of example, license royalties and proceeds of infringement suits), the right to sue for past, present and future infringements, and all rights corresponding thereto throughout the world (collectively, the "Trademarks"), and the good will of the business to which each of the Trademarks relates.

c. Trade Secrets. Borrower hereby grants to Secured Party a security interest in all of Borrower's trade secrets and other proprietary information, now existing or created in the future, and all proceeds thereof (collectively, the "Trade Secrets").

d. Intellectual Property. Borrower hereby grants to Secured Party a security interest in all general intangibles of Borrower, presently existing or hereafter created, including general intangibles as defined in the Uniform Commercial Code, trademarks, service marks, business names, and goodwill relating

thereto, copyrights (including, without limitation, copyrights for computer programs), whether or not published, unpatented inventions (whether or not patentable), patents, patent applications, license agreements relating to any of the foregoing and all royalties and other income therefrom, books, records, computer tapes, disks and drives, flow diagrams, specification sheets, source codes, object codes, and all other physical manifestations of the foregoing, the right to sue for all past, present and future infringements of the foregoing, any and all claims for damages relating thereto, all rents, profits and issues thereof, and all proceeds thereof (collectively, the "Intellectual Property").

(The Patents, Trademarks, Trade Secrets, and Intellectual Property are collectively referred to herein as the "Collateral".)

Borrower and Secured Party acknowledge their mutual intentions that the assignment and security interests contemplated herein are given as a contemporaneous exchange for new value to Borrower, regardless of when advances to Borrower are actually made or when the Collateral is acquired.

2. License Back to Borrower for Patents. Unless and until there shall have occurred an event of default under this Agreement, Secured Party hereby grants to Borrower the exclusive, nontransferable right and license under the Patents to make, have made for it, use and sell the inventions disclosed and claimed in the Patents for Borrower's own benefit and account and for none other. Borrower agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Borrower in this Section, without the prior written consent of Secured Party.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Secured Party shall execute and deliver to Borrower all deeds, assignments, and other instruments as may be necessary or proper to re-vest in Borrower full title to the Patents, subject to any disposition thereof which may have been made by Lender pursuant hereto.

3. License Back to Borrower for Trademarks. Unless and until there shall have occurred an event of default under this Agreement, Secured Party hereby grants to Borrower the exclusive, nontransferable right and license to use the Trademarks on and in connection with products sold by Borrower and services provided by Borrower, for Borrower's own benefit and account and for none other. Borrower agrees not to sell or assign its interest in, or grant any sublicense under, the license granted to Borrower in this Section, without the prior written consent of Secured Party.

At such time as all of the obligations secured by this Agreement have been paid in full, this Agreement shall terminate and Secured Party shall execute and deliver to Borrower all deeds,

assignments, and other instruments as may be necessary or proper to re-vest in Borrower full title to the Trademarks, subject to any disposition thereof which may have been made by Lender pursuant hereto.

4. Debts Secured. The assignment and security interest granted by this Agreement shall secure all of Borrower's present and future debts, obligations, and liabilities of whatever nature to Secured Party (the "Indebtedness"), including, without limitation, (a) the Promissory Note of Borrower in favor of Secured Party dated December 28, 1998, in the original principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), and all renewals, extensions, modifications and replacements thereof (including any which increase the original principal amount), (b) all obligations of Borrower under the Loan Agreement and under any documents executed in connection with the Loan Agreement, (c) all obligations of Borrower under this Agreement, (d) advances of the same kind and quality or relating to this transaction, and (e) transactions in which the documents evidencing the indebtedness refer to this assignment and grant of security interest as providing security therefor.

Borrower and Secured Party expressly acknowledge their mutual intent that the assignment and security interest created by this Agreement secure any and all present and future debts, obligations, and liabilities of Borrower to Secured Party without any limitation whatsoever.

5. Location of Collateral. Borrower represents and warrants that:

a. Borrower's places of business are located in the States of California, Oklahoma, Ohio, Florida, Virginia, Texas, Hawaii, Maryland, ~~Alabama~~, Pennsylvania, and ~~Delaware~~.

b. Borrower's chief executive office is located at 1430 Vantage Court, Vista, California 92083.

Borrower agrees that it will not change any of the above locations or create any new locations for such matters without giving Secured Party at least thirty (30) days prior written notice thereof.

6. Representations and Warranties Concerning Collateral. Borrower represents and warrants that:

a. Borrower is the sole owner of the Collateral.

b. The Collateral is not subject to any license, security interest, lien, prior assignment, or other encumbrance of any nature whatsoever except for nonexclusive licenses granted in the ordinary course of business, current taxes and assessments

which are not delinquent, and the assignments and security interests created by this Agreement.

c. All information set forth in the Schedules attached hereto is correct, accurate, and complete.

d. Each of the Patents is valid and enforceable. No claim has been made that the use of any of the Patents violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Patents.

e. Each of the Trademarks is valid and enforceable. No claim has been made that the use of any of the Trademarks violates or may violate the rights of any person or entity. Borrower has used proper statutory notice in connection with all uses of the Trademarks. Borrower has used consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

7. Covenants Concerning Collateral. Borrower covenants that:

a. Borrower will keep the Collateral free and clear of any and all security interests, liens, assignments or other encumbrances and licenses, except those for current taxes and assessments which are not delinquent, those arising from this Agreement, and nonexclusive licenses granted in the ordinary course of business.

b. Borrower agrees to execute and deliver any financing statements and other documents (properly endorsed, if necessary) reasonably requested by Secured Party for perfection or enforcement of any security interest or lien, and to give good faith, diligent cooperation to Secured Party, and to perform such other acts reasonably requested by Secured Party for perfection and enforcement of any security interest or lien. Secured Party is authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder.

c. Borrower shall promptly advise Secured Party of any material change in the composition of the Collateral, any material claim concerning the Collateral, including without limitation, the development of any new Collateral or any modification to the Collateral, any claim of infringement, any claim challenging the validity or enforceability of any Collateral, and any other event which may have a material, adverse effect upon any of the Collateral and/or the rights and remedies of Secured Party concerning the Collateral.

d. Borrower shall promptly apply for a patent for all new inventions which are patentable with the United States Patent

and Trademark Office and promptly advise Secured Party of the filing of the application for such patent. Borrower shall use proper statutory notice in connection with all uses of the Patents.

e. Borrower shall promptly register all new trademarks which are eligible for registration with the United States Patent and Trademark Office and promptly advise Secured Party of the filing of the application for such registration. Borrower shall use proper statutory notice in connection with all uses of the Trademarks. Borrower shall use consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

8. Patent Provisions. So long as any obligations secured by this Agreement are outstanding and unpaid, if Borrower shall obtain any rights to any new patentable inventions, or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patents or any improvement on any Patent, this Agreement shall automatically apply thereto and Borrower shall give Secured Party prompt notice thereof in writing.

Borrower hereby authorizes Secured Party to modify this Agreement by amending the Schedule of Patents to include any future patents and patent applications of Borrower.

Borrower shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any patent applications currently pending or hereafter filed, to make application on unpatented but patentable inventions, and to preserve and maintain all rights in patent applications and patents, including, without limitation, payment of all maintenance fees. Any expenses incurred in connection with such actions shall be paid by Borrower. Borrower shall not abandon any right to file a patent application, any pending patent application, or any patent without the written consent of Secured Party.

So long as no event of default has occurred under this Agreement, Borrower shall have the right, with the consent of Secured Party, to bring suit in its own name, and to join Secured Party, if necessary, as a party to such suit so long as Secured Party is satisfied that such joinder will not subject Secured Party to any risk of liability, to enforce the Patents and any licenses thereunder. Borrower shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including legal fees, incurred by Secured Party pursuant to this Section 8.

9. Trademark Provisions. Borrower hereby grants Secured Party and its representatives the right to visit Borrower's offices, plants, and facilities to inspect products, materials, and quality control records relating to the Trademarks at reasonable

times during regular business hours. Borrower shall do any and all acts requested by Secured Party to insure consistent standards of quality in the manufacture of products and in providing services sold under the Trademarks.

Borrower authorizes Secured Party to modify this Agreement by amending the Schedule of Trademarks to include any future trademarks and trademark applications of Borrower.

Borrower shall have the duty, through counsel acceptable to Secured Party, to prosecute diligently any trademark applications currently pending or hereafter filed, to make federal application on unregistered but registerable Trademarks, to file and prosecute opposition and cancellation proceedings, and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademarks, including, without limitation, filing declarations and renewals of registrations. Any expenses incurred in connection with such actions shall be paid by Borrower. Borrower shall not abandon any Trademark or application for registration of a Trademark without the written consent of Secured Party.

So long as no event of default has occurred under this Agreement, Borrower shall have the right, with the written consent of Secured Party, to bring any opposition proceedings, cancellation proceedings, or lawsuit in its own name to protect or enforce the Trademarks, and to join Secured Party, if necessary, as a party to such suit so long as Secured Party is satisfied that such joinder will not subject Secured Party to any risk of liability. Borrower shall promptly, upon demand, reimburse and indemnify Secured Party for all damages, costs and expenses, including legal fees, incurred by Secured Party pursuant to this Section 9.

10. Right to Perform for Borrower. Secured Party may, in its sole discretion and without any duty to do so, elect to discharge taxes, tax liens, security interests, or any other encumbrance upon the Collateral, perform any duty or obligation of Borrower, pay filing, recording, insurance and other charges payable by Borrower, or provide insurance as provided herein if Borrower fails to do so. Any such payments advanced by Secured Party shall be repaid by Borrower upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the default rate provided in the Promissory Note described in Section 4, above.

Borrower hereby authorizes and empowers Secured Party to make, constitute and appoint any officer or agent of Secured Party, as Secured Party may select in its exclusive discretion, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for Secured Party to use, preserve, or protect the Collateral, or to grant or issue any exclusive or

nonexclusive license under the Collateral to any third person, or necessary for Secured Party to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any third person, provided, however, that such power may not be exercised prior to the occurrence of an event of default hereunder. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable so long as any obligations secured hereby are outstanding and unpaid.

11. Default. Time is of the essence of this Agreement. The occurrence of any of the following events shall constitute a default under this Agreement:

a. Any representation or warranty made by or on behalf of Borrower in this Agreement is materially false or materially misleading when made;

b. Borrower fails in the payment or performance of any obligation, covenant, agreement or liability created by or contemplated by this Agreement or secured by this Agreement; or

c. An Event of Default (as defined in the Loan Agreement) occurs.

No course of dealing or any delay or failure to assert any default shall constitute a waiver of that default or of any prior or subsequent default.

12. Remedies. Upon the occurrence of any default by Borrower under this Agreement, Secured Party shall have the following rights and remedies, in addition to all other rights and remedies existing at law, in equity, or by statute or provided in the Loan Agreement:

a. Secured Party shall have all the rights and remedies available under the Uniform Commercial Code;

b. Secured Party shall have the right to enter upon any premises where the Collateral or records pertaining thereto may be and take possession of the Collateral and records relating thereto;

c. Upon request of Secured Party, Borrower shall, at the expense of Borrower, assemble the Collateral and records relating thereto at a place designated by Secured Party and tender the Collateral and records to Secured Party;

d. Borrower's license under the Patents shall terminate upon notice from Secured Party;

e. Borrower's license to use the Trademarks shall terminate upon notice from Secured Party;

f. Without notice to Borrower, Secured Party may obtain the appointment of a receiver of the business, property and assets of Borrower and Borrower hereby consents to the appointment of Secured Party or such person as Secured Party may designate as such receiver; and

g. Secured Party may sell, lease or otherwise dispose of any or all of the Collateral and, after deducting the reasonable costs and out-of-pocket expenses incurred by Secured Party, including, without limitation, (1) reasonable attorneys fees and legal expenses, (2) transportation and storage costs, (3) advertising of sale of the Collateral, (4) sale commissions, (5) sales tax, (6) costs for improving or repairing the Collateral, and (7) costs for preservation and protection of the Collateral, apply the remainder to pay, or to hold as a reserve against, the obligations secured by this Agreement.

Borrower shall be liable for all deficiencies owing on any obligations secured by this Agreement after liquidation of the Collateral.

The rights and remedies herein conferred are cumulative and not exclusive of any other rights and remedies and shall be in addition to every other right, power and remedy herein specifically granted or hereafter existing at law, in equity, or by statute which Secured Party might otherwise have, and any and all such rights and remedies may be exercised from time to time and as often and in such order as Secured Party may deem expedient. No delay or omission in the exercise of any such right, power or remedy or in the pursuance of any remedy shall impair any such right, power or remedy or be construed to be a waiver thereof or of any default or to be an acquiescence therein.

In the event of breach or default under the terms of this Agreement by Borrower, Borrower agrees to pay all reasonable attorneys fees and legal expenses incurred by or on behalf of Secured Party in enforcement of this Agreement, in exercising any remedy arising from such breach or default, or otherwise related to such breach or default. Borrower additionally agrees to pay all reasonable costs and out-of-pocket expenses, including, without limitation, (1) reasonable attorneys fees and legal expenses, (2) transportation and storage costs, (3) advertising of sale of the Collateral, (4) sale commissions, (5) sales tax, (6) costs for improving or repairing the Collateral, and (7) costs for preservation and protection of the Collateral, incurred by Secured Party in obtaining possession of Collateral, storage and preparation for sale, sale or other disposition, and otherwise incurred in foreclosing upon the Collateral. Any and all such costs and out-of-pocket expenses shall be payable by Borrower upon demand, together with interest thereon from the date of the advance until repaid, both before and after judgment, at the default rate provided in the Promissory Note described in Section 4, above.

Regardless of any breach or default, Borrower agrees to pay all expenses, including reasonable attorneys fees and legal expenses, incurred by Secured Party in any bankruptcy proceedings of any type involving Borrower, the Collateral, or this Agreement, including, without limitation, expenses incurred in modifying or lifting the automatic stay, determining adequate protection, use of cash collateral, or relating to any plan of reorganization.

13. Notices. All notices or demands by any party hereto shall be in writing and may be sent by certified mail, return receipt requested. Notices so mailed shall be deemed received when deposited in a United States post office box, postage prepaid, properly addressed to Borrower or Secured Party at the mailing addresses stated in the Loan Agreement or to such other addresses as Borrower or Secured Party may from time to time specify in writing. Any notice so addressed otherwise delivered shall be deemed to be given when actually received by the addressee.

14. Indemnification. Borrower shall indemnify Secured Party for any and all claims and liabilities, and for damages which may be awarded or incurred by Secured Party and for all reasonable attorneys fees, legal expenses, and other out-of-pocket expenses incurred in defending such claims, arising from or related in any manner to the negotiation, execution, or performance by Secured Party of this Agreement, but excluding any claims and liabilities based upon breach or default by Secured Party under this Agreement or upon the gross negligence or willful misconduct of Secured Party. Secured Party shall have sole and complete control of the defense of any such claims, and is hereby given the authority to settle or otherwise compromise any such claims as Secured Party in good faith determines shall be in its best interests.

15. General. This Agreement is made for the sole and exclusive benefit of Borrower and Secured Party and is not intended to benefit any third party. No such third party may claim any right or benefit or seek to enforce any term or provision of this Agreement.

In recognition of Secured Party's right to have all its attorneys fees and expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of the obligations secured by the Collateral, Secured Party shall not be required to release, reconvey, or terminate any security interest in the Collateral unless and until Borrower and all guarantors have executed and delivered to Secured Party general releases in form and substance satisfactory to Secured Party.

Secured Party and its officers, directors, employees, representatives, agents, and attorneys, shall not be liable to Borrower or any guarantor for consequential damages arising from or relating to any breach of contract, tort, or other wrong in connection with or relating to this Agreement or the Collateral.

If the incurring of any debt by Borrower or the payment of any money or transfer of property to Secured Party by or on behalf of Borrower or any guarantor should for any reason subsequently be determined to be "voidable" or "avoidable" in whole or in part within the meaning of any state or federal law (collectively "voidable transfers"), including, without limitation, fraudulent conveyances or preferential transfers under the United States Bankruptcy Code or any other federal or state law, and Secured Party is required to repay or restore any voidable transfers or the amount or any portion thereof, or upon the advice of Secured Party's counsel is advised to do so, then, as to any such amount or property repaid or restored, including all reasonable costs, expenses, and attorneys fees of Secured Party related thereto, the liability of Borrower and any guarantor, and each of them, and this Agreement, shall automatically be revived, reinstated and restored and shall exist as though the voidable transfers had never been made.

This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

All references in this Agreement to the singular shall be deemed to include the plural if the context so requires and visa versa. References in the collective or conjunctive shall also include the disjunctive unless the context otherwise clearly requires a different interpretation.

All agreements, representations, warranties and covenants made by Borrower shall survive the execution and delivery of this Agreement, the filing and consummation of any bankruptcy proceedings, and shall continue in effect so long as any obligation to Secured Party contemplated by this Agreement is outstanding and unpaid, notwithstanding any termination of this Agreement. All agreements, representations, warranties and covenants in this Agreement shall bind the party making the same and its heirs and successors, and shall be to the benefit of and be enforceable by each party for whom made and their respective heirs, successors and assigns.

This Agreement, together with the Loan Agreement, and all other documents and agreements identified in, contemplated by, or executed in connection with the Loan Agreement, constitute the entire agreement between Borrower and Secured Party as to the subject matter hereof and may not be altered or amended except by

written agreement signed by Borrower and Secured Party. All other prior and contemporaneous understandings between the parties hereto as to the subject matter hereof are rescinded.

Dated: ~~April~~ ^{May} 4, 1999.

Secured Party:

ALTRES FINANCIAL, L.P.

By: Kathy M. Mayo
Authorized Representative

Borrower:

SYSTEMS ENGINEERING & MANAGEMENT COMPANY, a Delaware corporation doing business as DELAWARE SYSTEMS ENGINEERING & MANAGEMENT COMPANY

By: Kenn J. [Signature]
Title: v.p. finance & admin

245904-3
4.13.99

CERTIFICATE OF ACKNOWLEDGMENT

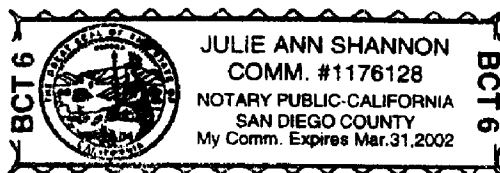
STATE OF CA)
COUNTY OF SAN DIEGO) : ss. CARLSBAD

Before me, the undersigned, a Notary Public in and for the county aforesaid, on this 4th day of ~~April~~^{May}, 1999, personally appeared KAREN J. TINCUP to me known personally, and who, being by me duly sworn, deposes and says that he/~~she~~ is the V.P. FINANCE + Admin of SYSTEMS ENGINEERING & MANAGEMENT COMPANY, the Borrower in the foregoing Assignment and Security Agreement, and that said instrument was signed and sealed on behalf of said Borrower, and said KAREN J. TINCUP acknowledged said instrument to be the free act and deed of said Borrower.

Julie Ann Shannon

Notary Public
Residing at: 6965 EL CAMINO REAL
CARLSBAD CA 92009

My Commission Expires:
3-31-02



SCHEDULE OF PATENTS

Patent Description	Docket No.	Country	Serial No.	Filing Date	Status
Personal Audio/Video Surveillance System		USA	5,793,419	08/11/98	Issued
Personal Audio/Video Surveillance System		USA	5,594,498	01/14/97	Issued

SCHEDULE OF TRADEMARKS

Trademark Description	Country	Serial No.	Registration No.	Status
COPCAM	USA	746773403	2044762	Registered