

Form PTO-1594
(Rev. 03/01)
OMB No 0651-0027 (exp 5/31/2002)

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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To the Honorable Commissioner of Patents and Trademarks. Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

eTrue.com, Inc.

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

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

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other

Execution Date: 10/29/2001

2. Name and address of receiving party(ies)

Name: U.S. Ventures L.P.

Internal Address: P.O. Box 265, Mary Street, 2nd Floor

Street Address: Walker House, George Town

City: Grand Cayman State: Cayman ^{Islands} Zip: B.W.I.

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership Cayman Islands
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No (s)

B. Trademark Registration No.(s)

2,458,629 2,204,820 1,937,286

Additional number(s) attached Yes No

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

Name: Michael J. Brown

Internal Address:

Curtis, Mallet-Prevost, Colt & Mosle LLP

Street Address: 101 Park Avenue

City: New York State: NY Zip: 10178-0061

6. Total number of applications and registrations involved

3

7. Total fee (37 CFR 3.41) \$ 90.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

03-3923

(Attach duplicate copy of this page if paying by deposit account)

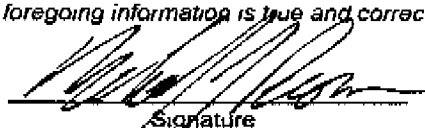
DO NOT USE THIS SPACE

9. 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.

Michael J. Brown

Name of Person Signing



Signature

10/31/2001

Date

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

22

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

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "*Agreement*"), dated as of October 29, 2001, between eTrue.com, Inc., a Delaware corporation (the "*Debtor*"), and U.S. Ventures L.P., a Cayman Islands limited partnership (hereinafter, the "*Secured Party*").

WHEREAS, in connection with the issuance by the Debtor to the Secured Party of a promissory note in the principal amount of US\$100,000 (the "*Promissory Note*"), the Secured Party will make a loan to the Debtor;

WHEREAS, as a condition precedent to the Secured Party's making that loan, the Debtor must execute and deliver to the Secured Party a security agreement in substantially the form hereof; *and*

WHEREAS, the Debtor wishes to grant a security interest in favor of the Secured Party as herein provided;

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

ARTICLE 1 DEFINITIONS

1.1 Defined Terms.

All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Promissory Note. The term "*State*," as used herein, means the Commonwealth of Massachusetts. The term "*UCC*" shall mean the Uniform Commercial Code as adopted and in force and effect in the State. All terms defined in the UCC and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9. The term "*Obligations*," as used herein, means all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Promissory Note (or any subsequent note issued by the Debtor to the Secured Party after the date hereof which, together with the Promissory Note, shall be referred to herein as the "*Promissory Notes*") or this Agreement. The term "*Permitted Encumbrances*," as used herein, means security interests created in the ordinary course of business in favor of suppliers of inventory and equipment, which security interests are not material in nature or amount and could not materially detract from the value nor materially impair the use of the property subject thereto nor impair the operations of the Debtor.

1.2 Construction.

Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

1.3 References.

As used in this Agreement, unless expressly stated otherwise, references to (a) "include" or "including" mean "including, without limitation" and (b) "days" means calendar days unless otherwise indicated. Unless otherwise specified, all references in this Agreement to Articles, Sections, Schedules and Exhibits are deemed references to the corresponding Articles, Sections, Schedules and Exhibits in, to and of this Agreement, each of such Schedules and Exhibits being made a part hereof for all purposes.

1.4 Headings.

The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE 2 GRANT OF SECURITY INTEREST

The Debtor hereby grants to the Secured Party, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Secured Party the following properties, assets and rights of the Debtor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment, software and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights (including licenses) or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles), all Intellectual Property (as defined in Section 3.2 below) and all proceeds of any of the foregoing. The Secured Party acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Debtor's compliance with Section 4.7.

ARTICLE 3 AUTHORIZATION TO FILE

3.1 Financing Statements. The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any jurisdiction in which the Uniform Commercial Code has been adopted any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (ii) as being of an equal or lesser scope or with greater detail, and (b)

provide any other information required by part 4 of Article 9 of the UCC, or any other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Debtor is an organization, the type of organization and any organizational identification number issued to the Debtor and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral, a sufficient description of real property to which the Collateral relates. The Debtor agrees to furnish any such information to the Secured Party promptly upon the Secured Party's request. The Debtor also ratifies its authorization for the Secured Party to have filed in any jurisdiction in which the Uniform Commercial Code has been adopted any like initial financing statements or amendments thereto if filed prior to the date hereof.

3.2 Intellectual Property. The Debtor has provided to the Secured Party a complete and accurate list, attached hereto as Schedule 3.2, of all of the following items (collectively, the "*Intellectual Property*"):

(a) all copyrights owned by the Debtor that are registered with the United States Copyright Office (or any office maintaining registration of copyrights in any foreign jurisdiction) and all applications for such registration;

(b) all trademarks, tradenames, service marks, service names, inventions and patents owned by the Debtor that are registered with the United States Patent and Trademark Office (or any office maintaining registration of such items in any state of the United States of America or any foreign jurisdiction) and all applications for such registration; and

(c) all Internet domain names owned by the Debtor and the registry office on which such domain names are registered.

The Debtor hereby delivers this Agreement for filing in the offices described above with respect to the foregoing Intellectual Property. Upon the registration of any additional Intellectual Property (or the filing of applications therefor) in the offices described above, the Debtor shall notify the Secured Party and duly authorize, execute and deliver to the Secured Party separate memoranda of security interests covering such additional Intellectual Property for filing in such offices. It is intended by both parties that the Secured Party shall be granted a security interest in all of the Debtor's right, title and interest in all unregistered trademarks, creative works and inventions.

ARTICLE 4 OTHER ACTIONS

To further the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in the Collateral, and without limitation on the Debtor's other obligations in this Agreement, the Debtor agrees, in each case at the Debtor's sole expense, to take the following actions with respect to the following Collateral:

4.1 Promissory Notes and Tangible Chattel Paper. If the Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper, the Debtor shall forthwith

endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

4.2 Deposit Accounts. For each deposit account that the Debtor at any time opens or maintains, the Debtor shall, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the depository bank to comply at any time with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Debtor, or (b) arrange for the Secured Party to become the customer of the depository bank with respect to the deposit account, with the Debtor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such deposit account. The Secured Party agrees with the Debtor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from the Debtor, unless an Event of Default has occurred and is continuing. The provisions of this paragraph shall not apply to deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Debtor's salaried employees.

4.3 Investment Property. If any securities now or hereafter acquired by the Debtor are uncertificated and are issued to the Debtor or its nominee directly by the issuer thereof, the Debtor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the issuer to agree to comply with instructions from the Secured Party as to such securities, without further consent of the Debtor or such nominee, or (b) arrange for the Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Debtor are held by the Debtor or its nominee through a securities intermediary or commodity intermediary, the Debtor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, in each case without further consent of the Debtor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Secured Party to become the entitlement holder with respect to such investment property, with the Debtor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. The Secured Party agrees with the Debtor that the Secured Party shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Debtor, unless an Event of Default has occurred and is continuing.

4.4 Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Secured Party, that the bailee holds such Collateral for

the benefit of the Secured Party, and that such bailee agrees to comply, without further consent of the Debtor, with instructions from the Secured Party as to such Collateral. The Secured Party agrees with the Debtor that the Secured Party shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Debtor with respect to the bailee.

4.5 Electronic Chattel Paper and Transferable Records. If the Debtor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Debtor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, shall take such action as the Secured Party may reasonably request to vest in the Secured Party control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in the State, of such transferable record. The Secured Party agrees with the Debtor that the Secured Party will arrange, pursuant to procedures satisfactory to the Secured Party and so long as such procedures will not result in the Secured Party's loss of control, for the Debtor to make alterations to the electronic chattel paper or transferable record permitted under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Debtor with respect to such electronic chattel paper or transferable record.

4.6 Letter-of-credit Rights. If the Debtor is at any time a beneficiary under a letter of credit, the Debtor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, the Debtor shall, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to the Secured Party of the proceeds of the letter of credit or (ii) arrange for the Secured Party to become the transferee beneficiary of the letter of credit.

4.7 Commercial Tort Claims. If the Debtor shall at any time hold or acquire a commercial tort claim, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the particulars thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

4.8 Other Actions as to any and all Collateral. The Debtor further agrees, at the request and option of the Secured Party, to take any and all other actions the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC, to the extent, if any, that the Debtor's signature thereon is required therefor, (b) causing the Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or the ability of the Secured Party to enforce, the Secured

Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF DEBTOR

5.1 Organization; Etc.

The Debtor hereby represents and warrants to the Secured Party that it (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite corporate power and authority to carry on its business as it is now being conducted and (c) is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership, operation or leasing of its properties makes such qualification necessary, except where the failure to have such power and authority or to be so qualified would not, individually or in the aggregate, have a material adverse effect.

5.2 Authorization.

The Debtor hereby represents and warrants to the Secured Party that it has the corporate power and authority to execute and deliver this Agreement and the Promissory Note, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Promissory Note and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Debtor. This Agreement and the Promissory Note have been duly executed and delivered by the Debtor, and constitute valid and binding agreements of the Debtor enforceable against the Debtor in accordance with their terms.

5.3 Consents and Approvals; No Violations.

The Debtor hereby represents and warrants to the Secured Party that neither the execution and delivery of this Agreement or the Promissory Note by the Debtor, nor the consummation by the Debtor of the transactions contemplated hereby or thereby, or the fulfillment and performance by the Debtor of its obligations hereunder and/or thereunder, respectively, will (a) provided the Debtor has obtained the requisite stockholder consent, violate or result in any breach of any provision of the certificate of incorporation or by-laws of the Debtor, (b) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, or require any

consent under, any indenture, mortgage, deed of trust, license, contract, lease, agreement or other instrument or obligation to which the Debtor is a party or by which it or its respective properties or assets are bound, (c) violate any order, writ, injunction, decree, judgment, statute, ordinance, rule or regulation applicable to the Debtor or any of its respective properties or assets, (d) require any filing with, or the obtaining of any permit, authorization, consent or approval of, any foreign, federal, state or local governmental authority or (e) result in the creation or imposition of any title defect, conflicting claim of ownership, right of way, hypothecation, or other legal or equitable encumbrance, limitation, order, decree, judgment, stipulation, settlement, attachment, restriction, right of first refusal, covenant, reservation, lease, lien, pledge, option, charge, claim, security interest, mortgage, or any other right of any third party on any of the Collateral, other than the security interest created hereby.

5.4 Debtor's Legal Status.

The Debtor has previously delivered to the Secured Party a certificate signed by the Debtor and entitled "Perfection Certificate" (the "*Perfection Certificate*"). The Debtor represents and warrants to the Secured Party as follows:

(a) the Debtor's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof,

(b) the Debtor is an organization of the type, and is organized in the jurisdiction set forth in the Perfection Certificate,

(c) the Perfection Certificate accurately sets forth the Debtor's organizational identification number or accurately states that the Debtor has none,

(d) the Perfection Certificate accurately sets forth the Debtor's place of business or, if more than one, its chief executive office, as well as the Debtor's mailing address, if different,

(e) all other information set forth on the Perfection Certificate pertaining to the Debtor is accurate and complete *and*

(f) that there has been no change in any information provided in the Perfection Certificate since the date on which it was executed by the Debtor.

5.5 Collateral.

The Debtor further represents and warrants to the Secured Party as follows:

(a) the Debtor is the owner of or has other rights in or power to transfer the Collateral, free from any right or claim or any person or any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement and any Permitted Encumbrances,

(b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-109 of the UCC,

(c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral,

(d) the Debtor holds no commercial tort claim except as indicated on the Perfection Certificate,

(e) the Debtor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances,

(f) all other information set forth on the Perfection Certificate pertaining to the Collateral is accurate and complete *and*

(g) that there has been no change in any information provided in the Perfection Certificate since the date on which it was executed by the Debtor.

ARTICLE 6 OTHER COVENANTS

6.1 Records and Reports; Notification of Default. The Debtor will maintain complete and accurate books and records with respect to the Collateral, and furnish to the Secured Party such reports relating to the Collateral as the Secured Party shall from time to time reasonably request. The Debtor will give prompt notice in writing to the Secured Party of the occurrence of any Event of Default and of any other development, financial or otherwise, that might materially and adversely affect the Collateral.

6.2 Debtor's Legal Status.

The Debtor covenants with the Secured Party as follows: (a) without providing at least 30 days prior written notice to the Secured Party, the Debtor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number, and (b) the Debtor will not change its type of organization, jurisdiction of organization or other legal structure.

6.3 Collateral.

The Debtor further covenants with the Secured Party as follows:

(a) the Collateral, to the extent not delivered to the Secured Party pursuant to Article 4, will be kept at those locations listed on the Perfection Certificate and the Debtor will not remove the Collateral from such locations, without providing at least 30 days prior written notice to the Secured Party,

(b) except for the security interest herein granted and any Permitted Encumbrances, the Debtor shall be the owner of the Collateral free from any right or claim of any other person, lien, security interest or other encumbrance, and the Debtor

shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Secured Party,

(c) except in the case of Permitted Encumbrances, the Debtor shall not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than the Secured Party,

(d) the Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon,

(e) the Debtor will permit the Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located,

(f) the Debtor will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use, operation or maintenance of such Collateral or incurred in connection with this Agreement,

(g) the Debtor will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances *and*

(h) the Debtor will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for (i) sales of inventory in the ordinary course of business and (ii) so long as no Event of Default has occurred and is continuing, sales or other dispositions of obsolescent items of equipment consistent with past practices.

6.4 Maintenance of Insurance. The Debtor will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that the Debtor will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Secured Party. In addition, all such insurance shall be payable to the Secured Party as loss payee. Without limiting the foregoing, the Debtor will (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law and (iii) maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of the Debtor; business interruption insurance; and product liability insurance.

6.5 Insurance Proceeds. The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, subject to the rights, if any, of other parties with an interest having priority in the property covered thereby, (i) so long as no Event of Default has occurred and is continuing, be disbursed to the Debtor for direct application by the Debtor solely to the repair or replacement of the Debtor's property so damaged or destroyed and (ii) in all other circumstances, be held by the Secured Party as cash collateral for the Obligations. The Secured Party may, at its sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Secured Party may reasonably prescribe, for direct application by the Debtor solely to the repair or replacement of the Debtor's property so damaged or destroyed, or the Secured Party may apply all or any part of such proceeds to the Obligations.

6.6 Continuation of Insurance. All policies of insurance shall provide for at least 60 days prior written cancellation notice to the Secured Party. In the event of failure by the Debtor to provide and maintain insurance as herein provided, the Secured Party may, at its option, provide such insurance and charge the amount thereof to the Debtor. The Debtor shall furnish the Secured Party with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

ARTICLE 7

COLLATERAL PROTECTION EXPENSES; PRESERVATION OF COLLATERAL

7.1 Expenses Incurred by Secured Party. In the Secured Party's discretion, if the Debtor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. The Debtor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Event of Default.

7.2 Secured Party's Obligations and Duties. Anything herein to the contrary notwithstanding, the Debtor shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by the Debtor thereunder. The Secured Party shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party may be entitled at any time or times. The Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with such Collateral in the same manner as the Secured Party deals with similar property for its own account.

ARTICLE 8 SECURITIES AND DEPOSITS

The Secured Party may at any time following and during the continuance of an Event of Default, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, the Secured Party may following and during the continuance of an Event of Default demand, sue for, collect, or make any settlement or compromise that it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Secured Party to the Debtor may at any time be applied to or set off against any of the Obligations then due and owing.

ARTICLE 9 NOTIFICATION TO ACCOUNT DEBTORS AND OTHER PERSONS OBLIGATED ON COLLATERAL

If an Event of Default shall have occurred and be continuing, the Debtor shall, at the request and option of the Secured Party, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Secured Party in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Secured Party or to any financial institution designated by the Secured Party as the Secured Party's agent therefor, and the Secured Party may itself, if an Event of Default shall have occurred and be continuing, without notice to or demand upon the Debtor, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Debtor shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Debtor as trustee for the Secured Party without commingling the same with other funds of the Debtor and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. The Secured Party shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Secured Party to the Obligations, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

ARTICLE 10 POWER OF ATTORNEY

10.1 Appointment and Powers of Secured Party. The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(a) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the UCC and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Debtor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, to effect the intent of this Agreement, all at least as fully and effectively as the Debtor might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Debtor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Secured Party so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; *and*

(b) to the extent that the Debtor's authorization given in Article 3 is not sufficient, to file such financing statements with respect hereto, with or without the Debtor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate and to execute in the Debtor's name such financing statements and amendments thereto and continuation statements which may require the Debtor's signature.

10.2 Ratification by Debtor. To the extent permitted by law, the Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

10.3 No Duty on Secured Party. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

ARTICLE 11 RIGHTS AND REMEDIES

If an Event of Default shall have occurred and be continuing, the Secured Party, without any other notice to or demand upon the Debtor shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to accelerate the Promissory Notes, rendering such Notes due and payable in full, and to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Debtor can give authority therefor, enter upon any premises on which the Collateral may be

situated and remove the same therefrom. The Secured Party may in its discretion require the Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction of the Debtor's principal office or at such other locations as the Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Debtor at least five Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Debtor hereby acknowledges that five Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

ARTICLE 12

STANDARDS FOR EXERCISING RIGHTS AND REMEDIES

To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Debtor acknowledges that the purpose of this Article 12 is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the UCC or other law of the State or any other relevant jurisdiction in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being

indicated in this Article 12. Without limitation upon the foregoing, nothing contained in this Article 12 shall be construed to grant any rights to the Debtor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Article 12.

ARTICLE 13
NO WAIVER BY SECURED PARTY, ETC.

The Secured Party shall not be deemed to have waived any of its rights or remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deems expedient.

ARTICLE 14
SURETYSHIP WAIVERS BY DEBTOR

The Debtor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 7.2. The Debtor further waives any and all other suretyship defenses.

ARTICLE 15
MARSHALLING

The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the

Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Debtor hereby irrevocably waives the benefits of all such laws.

ARTICLE 16 PROCEEDS OF DISPOSITIONS; EXPENSES

The Debtor shall pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Secured Party may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-502 or 9-504 of the UCC, any excess shall be returned to the Debtor. In the absence of final payment and satisfaction in full of all of the Obligations, and the Debtor shall remain liable for any deficiency.

ARTICLE 17 OVERDUE AMOUNTS

Until paid, all amounts due and payable by the Debtor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Promissory Notes.

ARTICLE 18 GOVERNING LAW; CONSENT TO JURISDICTION

18.1 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts applicable to contracts made and to be performed therein, without giving effect to the principles of conflicts of law thereof.

18.2 Parties in Interest; Assignment.

This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and it is not intended to confer upon any other person any rights or remedies hereunder. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the parties without the prior written consent of the other parties.

18.3 Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

18.4 Notices.

All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be deemed to have been duly given on the date delivered, if delivered personally, by reputable overnight delivery service that requires a signature on delivery or sent by facsimile machine with telephonic confirmation of receipt to the persons identified below, or three calendar days after mailing in the U.S. Mail if mailed by certified or registered mail, postage prepaid, return receipt requested, addressed as follows:

(a) if to the Debtor:

eTrue.com, Inc.
144 Turnpike Road
Suite 100
Southboro, MA 01772
Fax: (508) 303-9902
Attention: Joseph A. Newcomb

with a copy (which shall not constitute notice), as counsel to the Debtor,
to:

Rich May, a Professional Corporation
176 Federal Street
Boston, MA 02110-2223
Fax: (617) 556-3889
Attention: Walter A. Wright, III, Esq.

If to Secured Party, to:

U.S. Ventures L.P.
P.O. Box 265
Mary Street, 2nd Floor
Walker House
George Town, Grand Cayman
Cayman Islands, B.W.I.
Fax: (781) 843-9310
Attention: Patrick K. Davenport

with a copy (which shall not constitute notice) to, as counsel to Secured Party:

Curtis, Mallet-Prevost, Colt & Mosle LLP
101 Park Avenue
New York, NY 10178-0061
Fax: (212) 697-1559
Attention: Philip von Mehren, Esq.

Such addresses may be changed, from time to time, by means of a notice given in the manner provided in this Section 18.4.

18.5 Entire Agreement; Conflicts.

This Agreement, together with each of the exhibits and disclosure letters hereto and the Promissory Notes (including any exhibits or schedules thereto) constitute the entire agreement among the parties hereto with respect to the matters covered hereby and thereby and supersedes all prior agreements and understandings among the parties.

18.6 Severability.


Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broadly as is enforceable.

18.7 Jurisdiction and Venue.

Each of the parties irrevocably agrees that if any dispute between the parties relating to this Agreement cannot be resolved amicably by the parties, any action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect thereof brought by the other party hereto or its successors or assigns, shall be brought and determined in a Massachusetts state court or U.S. federal district court in Massachusetts, and each of the parties hereby irrevocably submits with regard to any such action or proceeding for itself, generally and unconditionally, to the exclusive jurisdiction of the aforesaid courts; *provided*, that such consent to jurisdiction is solely for the purpose referred to in this Section 18.7 and shall not be deemed to be general submission to the jurisdiction of said courts or in the Commonwealth of Massachusetts other than for such purpose.

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.

eTrue.com, Inc.

By 
Name: David S. Teitelman
Title: Chief Executive Officer

Agreed to and Accepted by:

U.S. VENTURES L.P.
By: Davenport Capital Ventures LDC
Its: General Partner

By: _____
Name: Patrick K. Davenport
Title: President

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.

eTrue.com, Inc.

By: _____
Name:
Title:

Agreed to and Accepted by:

U.S. VENTURES L.P.
By: Davenport Capital Ventures LDC
Its: General Partner

By: *Patrick K. Davenport*
Name: Patrick K. Davenport
Title: President

SCHEDULE 3.2

Intellectual Property

<u>Patent No.</u>	<u>Issue Date</u>	<u>Country</u>	<u>Title</u>
6,128,398	October 3, 2000	US	System, Method and Application for the Recognition, Verification and Similarity Ranking of Facial or Other Patterns

<u>App. Ser. No.</u>	<u>App. Date</u>	<u>Country</u>	<u>Title</u>
08/818,165	March 14, 1997	US	Prevention of Fraudulent Inputs Used to Circumvent Biometric Identification Systems
09/071,415	May 1, 1998	US	System and Method for the Optimal Integration of Multiple Biometrics in a Verification System
09/192,736	November 16, 1998	US	System and Method for Finding Similar Appearing Faces Among People Who Are Different
09/250,078	February 12, 1999	US	Systems, Methods and Applications for the Precise Location of Faces and/or Their Facial Features in an Image
09/449,406	November 26, 1999	US	System and Methods for Verifying People's Identifies Via Computer Network Services Employing Biometric Technology

<u>Reg. No.</u>	<u>Date of Reg.</u>	<u>Country</u>	<u>Mark</u>
2,458,629	June 5, 2001	US	ETRUE
2,204,820	November 24, 1998	US	CYBERWATCH
1,937,286	November 21, 1995	US	TRUEFACE

Abandoned Applications/Registration

<u>(Former)</u> <u>App./Reg. No.</u>	<u>App./Reg. Date</u>	<u>Country</u>	<u>Mark</u>
1,209,424	September 21, 1982	US	MIROS
75/555,954	September 21, 1998	US	TRUEID
75/555,799	September 21, 1998	US	THE TRUE FACE OF SECURITY
75/266,738	March 31, 1997	US	THE NEW FACE OF SECURITY
75/266,705	March 31, 1997	US	GATEWATCH
75/266,704	March 18, 1999	US	SCREEN WATCH
75/555,963	September 21, 1998	US	TRUEPASS

Domain Names

<u>Domain Name</u>	<u>Registry Office</u>
passmd.org	BulkRegister.Com
passmd.net	BulkRegister.Com
passmd.com	BulkRegister.Com
etrue.com	BulkRegister.Com
miros.com	BulkRegister.Com
etrue.net	BulkRegister.Com
etrue.info	BulkRegister.Com
etrue.biz	BulkRegister.Com
e-true.net	BulkRegister.Com
e-true.org	BulkRegister.Com
e-trueid.com	BulkRegister.Com
e-trueid.net	BulkRegister.Com
e-trueid.org	BulkRegister.Com
etrue.org	BulkRegister.Com
etrueid.com	BulkRegister.Com
etrueid.net	BulkRegister.Com
etrueid.org	BulkRegister.Com
trueface.com	BulkRegister.Com
youreid.com	BulkRegister.Com
yourtrueid.com	BulkRegister.Com