

06-23-2004

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

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


<p>1. Name of conveying party(ies):</p> <p>ELENS.COM, INC. 6.17.04</p> <p><input type="checkbox"/> Individual(s) <input type="checkbox"/> Association <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input checked="" type="checkbox"/> Corporation-State (N.Y.) <input type="checkbox"/> Other _____</p> <p>Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	<p>2. Name and address of receiving party(ies)</p> <p>Name: Michael C. Slade</p> <p>Internal Address: _____</p> <p>Street Address: 114 Piping Rock Road</p> <p>City: Matinecock State: NY Zip: 11560</p> <p><input checked="" type="checkbox"/> Individual(s) citizenship _____ <input type="checkbox"/> Association _____ <input type="checkbox"/> General Partnership _____ <input type="checkbox"/> Limited Partnership _____ <input type="checkbox"/> Corporation-State _____ <input type="checkbox"/> Other _____</p> <p>If assignee is not domiciled in the United States, a domestic representative designation is attached: <input type="checkbox"/> Yes <input type="checkbox"/> No <small>(Designations must be a separate document from assignment)</small> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>3. Nature of conveyance:</p> <p><input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input checked="" type="checkbox"/> Security Agreement <input type="checkbox"/> Change of Name <input type="checkbox"/> Other _____</p> <p>Execution Date: June 7, 2004</p>	

<p>4. Application number(s) or registration number(s):</p> <p>A. Trademark Application No.(s) _____</p> <p>_____</p>	<p>B. Trademark Registration No.(s) 2341126</p> <p>_____</p>
<p>Additional number(s) attached <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>Name: Barry Werbin</p> <p>Internal Address: Herrick, Feinstein LLP</p> <p>_____</p> <p>Street Address: 2 Park Avenue</p> <p>_____</p> <p>City: New York State: NY Zip: 10016-9301</p>	<p>6. Total number of applications and registrations involved: 1</p> <p>7. Total fee (37 CFR 3.41).....\$ 40</p> <p><input type="checkbox"/> Enclosed <input checked="" type="checkbox"/> Authorized to be charged to deposit account</p> <p>8. Deposit account number:</p> <p>502332</p>
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DO NOT USE THIS SPACE

9. Signature.

Barry Werbin  June 16, 2004

Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: **11**

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

06/23/2004 ECOOPER 00000053 502332 2341126

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SECURITY AGREEMENT

SECURITY AGREEMENT made as of the 7 day of June, 2004 (this "Security Agreement") by and among ELENS.COM, INC., a New York corporation having an address at 1184 Broadway, Hewlett, New York 11557 (the "Debtor"), MICHAEL C. SLADE, an individual having an address at 114 Piping Rock Road, Matinecock, New York 11560 (the "Secured Party"), and ALLEN ALOVIS, an individual having an address at 933 Tee Court, Woodmere, New York 11598 ("Alovis").

WITNESSETH:

WHEREAS, as of the date hereof, the Secured Party has loaned to the Debtor an aggregate principal amount of TWENTY-FOUR THOUSAND DOLLARS (\$24,000) (the "Loan") in immediately available funds and in consideration therefor the Debtor has executed and delivered to the Secured Party a Promissory Note dated the date hereof in the principal amount of TWENTY-FOUR THOUSAND DOLLARS (\$24,000) (the "Note"), which Note is payable in accordance with the terms and conditions stated therein; and

WHEREAS, in connection with the Loan and in consideration therefor, Alovis, individually, has executed a Guaranty in favor of the Secured Party, dated the date hereof (the "Guaranty"); and

WHEREAS, the Secured Party, through an acquisition entity, proposes to acquire sixty-three percent (63%) of the issued and outstanding common stock of the Debtor (the "Proposed Acquisition"); and

WHEREAS, in order to induce the Secured Party to make the present Loan and any Future Loans (as defined below) to the Debtor, the Debtor has agreed to grant to the Secured Party a first priority security interest in the Collateral (as defined below) to secure the Debtor's obligations under the Note and any Promissory Notes in connection with any Future Loans.

NOW, THEREFORE, in consideration of the premises herein and in order to induce the Secured Party to make the present Loan and any Future Loans, the Debtor and Alovis hereby agree as follows:

1. Security Interest. The Debtor hereby assigns to the Secured Party, and mortgages, hypothecates, pledges and grants to the Secured Party a first priority security interest in the Collateral described and defined in Section 2 below hereof to secure the full payment by the Debtor of all of the indebtedness evidenced by the Note (collectively, the "Obligations").

2. Description of Collateral. As used herein, the term "Collateral" means 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 assets, personal property and fixtures

of every kind and nature including without limitation the following categories of assets as defined in the Uniform Commercial Code ("UCC"): all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including accounts receivable), chattel paper (whether tangible or electronic), deposit accounts (and any and all monies, securities and other property of the Debtor, and the proceeds thereof now or hereafter held or received by or in transit to the Secured Party from or for the Debtor, whether for safekeeping, custody, pledge, transmission, collection or otherwise), letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, general legal claims, and all general intangibles including, without limitation, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, Uniform Resource Locators ("URLs"), copyrights, copyright applications, software, engineering drawings, service marks, customer lists, goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Debtor possesses, uses or has authority to possess or use property (whether tangible or intangible) of others or others possess, use or have authority to possess or use property (whether tangible or intangible) of the Debtor, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications and schematics and all proceeds and products of the foregoing.

3. Obligations of the Debtor and Alovis. In order to materially induce the Secured Party in extending the Loan, the Debtor and Alovis hereby covenant, represent, warrant and agree that:

a) The Collateral will not be abused, wasted, abandoned or allowed to deteriorate, and the Collateral shall be kept in good working order and condition and repair;

b) The Debtor shall, at no cost or expense to the Secured Party, defend its right, title and interest in and to the Collateral, and defend the Collateral against all claims or demands of any other party (other than the Secured Party) and all other liabilities of any nature whatsoever;

c) The Collateral shall be insured at all times in the amount of its full insurable value and against all expected risks to which the Collateral may be exposed, including, without limitation, fire, flood and general liability coverage and those which the Secured Party may reasonably designate with policies reasonably satisfactory to the Secured Party and payable to both the Secured Party and the Debtor as their respective interests appear, providing thirty (30) days minimum advance cancellation notice to the Secured Party and with duplicate policies deposited with the Secured Party; and the proceeds of such insurance shall be applied to repair or replace the Collateral;

d) The Debtor shall duly and promptly pay and discharge when due and payable, or cause to be paid and discharged: (i) all taxes, assessments and governmental charges or levies upon or against the Debtor or its profits, income, properties or assets; and (ii) all lawful claims, whether for labor, materials, supplies, services or anything else which might or could, if unpaid, become a lien or charge upon the properties or assets of the Debtor, unless and to the extent only that the same are being diligently contested in good faith by appropriate proceedings and appropriate

reserves therefor have been established in accordance with generally accepted accounting principles consistently applied;

e) The Collateral, and each part thereof, is free and clear from, and is not subject to, any assignment, security interest, mortgage, pledge, lien, levy for taxes (other than for taxes not yet due and payable) or other assessments, interest, charge, adverse claim or other encumbrance, including any financing statement or other document filed in any public office (an "Encumbrance"); and the Debtor shall keep and maintain the Collateral, and each part thereof, free and clear of any Encumbrance, and shall not create nor permit to remain any such Encumbrance;

f) Except for the sale of inventory made by the Debtor in the ordinary course of business, the Collateral, or any part thereof, will not be sold, leased, licensed, assigned, conveyed, transferred, disposed of or become subjected to any subsequent interest of any party, created or suffered by the Debtor, voluntarily or involuntarily, except as expressly authorized in writing by the Secured Party;

g) The Debtor, at its sole cost and expense, shall execute and deliver, or cause to be duly executed and delivered, financing statements and such instruments and documents, and any other agreements or forms necessary or desirable to perfect a security interest in trademarks or URLs, and do and cause to be done such acts and things, as the Secured Party may at any time request to enforce, perfect and protect his security interest in the Collateral as herein provided and its rights and remedies with respect to the Collateral;

h) The obligations, liabilities and indebtedness of the Debtor to the Secured Party hereunder shall not be released, discharged or impaired in any manner or to any extent if the Secured Party renews, extends, modifies, changes or waives the time of payment and/or the manner, place or terms of payment of all or any part of the obligations, liabilities or indebtedness secured hereby or any renewal thereof, or if the Secured Party makes any exchange, release, substitution, addition, surrender, settlement or compromise with respect to the Collateral, the obligations, liabilities or indebtedness secured hereby or any party liable thereon; or the Secured Party subordinates such indebtedness or Collateral, or both, to any other indebtedness of the Debtor, or security therefor, or both which may exist at any time hereafter;

i) The Debtor's chief executive office and principal place of business is located at the address set forth in the first paragraph of this Security Agreement and the Debtor has no other offices or places of business, and none of the Collateral (nor any books or records relating thereto) is located at any other location;

j) The Debtor shall keep and maintain at all times true and complete books, records and accounts in which complete, true and correct entries shall be made with respect to the Collateral and the Debtor's transactions, in accordance with normal business practices; the Debtor shall permit the Secured Party or his representatives to visit and inspect any of the properties of the Debtor, to examine the Debtor's books of account and other records and files and make copies thereof and to discuss the affairs, business, finances and accounts of the Debtor with its officers and

employees, all at such times as the Secured Party shall request; and the Debtor shall make or permit the Secured Party to make, upon request, a designation on the Debtor's books of account and records of the security interest granted hereunder;

k) The Debtor shall promptly furnish the Secured Party with all information concerning the Collateral, the performance and payment of the Debtor's obligations, liabilities and indebtedness hereunder and the business, operations and financial condition of the Debtor, as the Secured Party may request;

l) The Debtor shall immediately notify the Secured Party of any act, condition, or event which, with the giving of notice or lapse of time, or both, would constitute an event of default hereunder, or the existence of any material litigation, arbitration or other legal proceedings involving or affecting the Debtor;

m) The Debtor, or if the Debtor is unable, Alovis, shall pay and reimburse the Secured Party for all costs and expenses (including, without limitation, attorneys' fees, legal expenses, and advances and expenditures for recording and filing fees in connection with perfection and protection of the Secured Party's security interest hereunder, for removal of any encumbrance from the Collateral, for curing, correcting or remedying any Event of Default (as defined below) hereunder, and for protection, preservation, maintenance and repair of the Collateral) incurred by Secured Party in connection with the exercise by the Secured Party of any of his rights and remedies under this Security Agreement in enforcing, perfecting or protecting his interests under this Security Agreement;

n) The Debtor shall not modify, terminate or assign any agreements, including but not limited to registration services agreements, between it or an Affiliate and the domain name registrar with which the Debtor or an Affiliate has registered its URLs. Notwithstanding the preceding sentence, the Debtor shall renew and preserve any such agreements, and such renewals shall be pursuant to the exact terms and conditions of any agreements that would be superceded by such renewal. Accordingly, neither the Debtor nor an Affiliate may assign ownership of or the rights to use any URL of the Debtor or such Affiliate without the prior written consent of the Secured Party. For the purposes herein, "Affiliate" shall mean, with respect to any specified individual or business entity, any other individual or business entity that, directly or indirectly, controls, is controlled by, or is under common control with, the specified individual or business entity. For purposes of this definition, the term "control" as applied to any individual or business entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management of that individual or business entity, whether through ownership of voting securities, limited liability company interests, partnership interests or otherwise. For the purposes herein, any business entity of which a controlling interest is owned by a spouse, sibling, parent, grandparent, child or grandchild of Alovis shall be considered an Affiliate.

4. Event of Default. The occurrence of any of the following events shall constitute a default on the part of the Debtor hereunder ("Event of Default"):

- a) If there shall occur any breach, failure or violation by the Debtor or Alovis in the payment or performance of any of their obligations, covenants or warranties under this Security Agreement, and such breach, failure or violation continues uncorrected for a period of two (2) days after written notice thereof from the Secured Party to the Debtor;
- b) If there shall occur any Event of Default under and as defined in the Note;
- c) If Alovis shall fail to perform any of the terms and conditions under the Guaranty;
- d) If there shall occur any Event of Default under and as defined in any promissory note, demand promissory note, guaranty or any other documentation constituting consideration for any Future Loan; or
- e) If there shall occur any sale, transfer or other disposition by the Debtor or Alovis of all or substantially all of the Debtor's assets or any sale by the shareholders of the Debtor of a majority interest in the Debtor, other than to the Secured Party or his designee.

5. The Secured Party's Rights and Remedies.

- a) Upon notice to the Debtor, the Secured Party may at any time and from time to time, enter upon the premises where the Collateral is located and inspect such Collateral, and the Debtor shall assist the Secured Party in any reasonable way requested by the Secured Party to make any such inspection.
- b) Upon the occurrence of an Event of Default, in addition to all other rights and remedies provided hereunder, the Secured Party shall have and may exercise all of the rights and remedies provided by the UCC in effect in the State of New York at the date of the execution of this Security Agreement, and any other applicable law, and, in conjunction with, in addition to, or in substitution therefor, the Secured Party shall have and may exercise the following rights and remedies:
 - i) The Secured Party may (but shall not be required), alone or in conjunction with the Debtor or Alovis, take any or all action necessary to collect or receive any money or property at any time payable or receivable on account of or in exchange for the Collateral, including the right to compromise, settle, extend or otherwise modify the terms of payment owed with respect to any of the Collateral, and to apply the proceeds thereof in the order, amounts and manner which the Secured Party may determine in his sole discretion. In exercising such right, the Secured Party may open and dispose of mail addressed to the Debtor and execute, sign and endorse negotiable and other instruments for the payment of money or other evidences of payment, on behalf of and in the name of the Debtor, for which this Security Agreement shall be deemed a sufficient power of attorney;

ii) The Secured Party may require the Debtor to pay and deliver to the Secured Party, immediately upon collection and receipt thereof by the Debtor, all proceeds arising from the Collateral or may require the Debtor to deposit all such proceeds in a bank selected by the Secured Party in a collateral account acceptable to the Secured Party. Until the proceeds from the Collateral have been paid and delivered to the Secured Party or deposited in the bank as hereinabove provided, the Debtor shall hold such proceeds for and on behalf of the Secured Party separate and apart from the Debtor's other funds or property. The Secured Party shall promptly apply all of such proceeds against the obligations, liabilities and indebtedness of the Debtor to the Secured Party in the order, amounts and manner which the Secured Party may determine in his sole discretion;

iii) The Secured Party may require the Debtor not to modify any agreements respecting the Collateral nor to bring suit to enforce payment thereon without giving the Secured Party five (5) days advance written notice thereof or without first having received written consent to do so from the Secured Party;

iv) The entire unpaid indebtedness of the Debtor to the Secured Party secured hereby under the Note or otherwise, together with all interest accrued thereon, shall become immediately due and payable;

v) The Secured Party may require the Debtor to make the Collateral available to the Secured Party and to allow the Secured Party to take possession of or dispose of the Collateral; or

vi) The Secured Party may, in his sole discretion, sell, assign and deliver all or any part of the Collateral at any public or private sale without notice or advertisement, at such prices as the Secured Party may deem best, and for cash or on credit or for future delivery (without assumption of any credit risk) and bid and become a purchaser at any such sale, any purchaser including the Secured Party so purchasing all or part of the Collateral to hold the same free from any claim whatsoever, and the Secured Party may make payment on account thereof by using any claim for moneys when due and payable by the Debtor to the Secured Party, and if notice to the Debtor is required, written notice mailed to the Debtor at its business address as herein set forth, at least two (2) days prior to the date of public sale of the Collateral shall constitute reasonable notice; and the Secured Party may apply the proceeds of any disposition of the Collateral available for satisfaction of the indebtedness secured hereby in the order, amounts and manner which the Secured Party may determine in his sole discretion.

6. Future Loans. This Security Agreement, as executed by all three parties, shall also provide the security for any additional debt or loan granted to the Debtor from the Secured Party after the date of this Security Agreement or the Note (a "Future Loan"), and all obligations of the Debtor, rights of the Secured Party and other terms and conditions stated herein shall apply to any such Future Loans.

7. Non-Consummation of Proposed Acquisition. The parties hereto acknowledge that in the event the Proposed Acquisition does not close, the Debtor shall repay the Loan over a thirty-six (36) month period, pursuant to the terms of the Note.

8. Other Provisions.

a) The Secured Party may waive any default, or remedy any default in any reasonable manner, without waiving such default remedied and without waiving any other prior or subsequent default; and the Secured Party may waive or delay the exercise of any right or remedy under this Security Agreement without waiving that right or remedy or any other right or remedy hereunder.

b) This Security Agreement shall be binding upon, and shall inure to the benefit of, the respective successors and assigns of the parties hereto.

c) Each of the foregoing covenants and warranties on the part of the Debtor and Alovis shall be deemed and construed to be on a continuing basis and shall survive the execution and delivery of this Security Agreement.

d) All notices, requests, demands or other communications provided for herein shall be in writing and shall be deemed to have been given when personally delivered or sent by (i) registered or certified mail, return receipt requested, (ii) nationally recognized overnight courier service, or (iii) facsimile transmission, electronically confirmed, during normal working hours, addressed to the parties at their addresses set forth above or to such other person or address as either party shall designate to the other from time to time in writing forwarded in like manner.

e) The provisions of this Security Agreement shall be deemed severable, so that if any provision hereof is declared invalid under the laws of any state where it is in effect or of the United States, all other provisions of this Security Agreement shall continue in full force and effect.

f) This Security Agreement shall not be modified or amended or any provision hereof waived except in writing executed by all parties hereto.

g) The security interest granted herein shall terminate when all the Obligations have been fully paid and performed.

h) This Security Agreement shall be construed in accordance with, and governed by, the laws of the State of New York without regard to its conflicts of law principles. The Debtor and Alovis, on behalf of themselves and their permitted successors and assigns, irrevocably consent that any legal action or proceeding against them under, arising out of, or in any manner relating to, this Security Agreement, may be brought in any court presiding in the State of New York. The Debtor and Alovis, by execution and delivery of this Security Agreement and on behalf of themselves and their permitted successors and assigns, expressly and irrevocably consent and submit to the personal jurisdiction of any of such courts in any such action or proceeding. The Debtor and

Alovis, on behalf of themselves and their permitted successors and assigns, further irrevocably consent to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to them by hand or by certified mail, delivered or addressed to their addresses set forth herein. The Debtor and Alovis, on behalf of themselves and their permitted successors and assigns, hereby expressly and irrevocably waive any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue or forum non conveniens or any similar basis. Nothing in this paragraph shall affect or impair in any manner or to any extent the right of the Secured Party, or his successors or assigns, to commence legal proceedings or otherwise proceed against the undersigned in any jurisdiction or to serve process in any manner permitted by law.

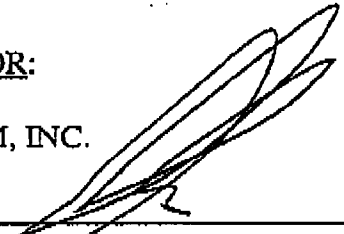
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IN WITNESS WHEREOF, the parties hereto have executed and delivered this Security Agreement as of the day and year first written above.

THE DEBTOR:

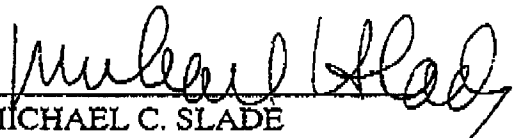
ELENS.COM, INC.

By: _____


Name: Allen Aloviz
Title: Chairman and
Chief Executive Officer

ALLEN ALOVIS, Individually

THE SECURED PARTY:


MICHAEL C. SLADE

