

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Converted Organics, Inc.		01/24/2008	CORPORATION: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Waste Recovery Industries, LLC		
<b>Street Address:</b>	P.O Box 4664		
<b>City:</b>	Paso Robles		
<b>State/Country:</b>	CALIFORNIA		
<b>Postal Code:</b>	93447		
<b>Entity Type:</b>	LIMITED LIABILITY COMPANY: DELAWARE		
<b>PROPERTY NUMBERS Total: 5</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
Registration Number:	2580190	BIOLIZER	
Registration Number:	2263702	BIOLIZER	
Registration Number:	2601654	SOIL START	
Registration Number:	2369680	HTLC	
Registration Number:	3090909	HTLC	
<b>CORRESPONDENCE DATA</b>			
Fax Number:	(831)754-2011		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Email:	koren@lomgil.com		
Correspondent Name:	Koren McWilliams, Lombardo & Gilles, LLP		
Address Line 1:	318 Cayuga Street		
Address Line 4:	Salinas, CALIFORNIA 93901		
ATTORNEY DOCKET NUMBER:	693.000		
NAME OF SUBMITTER:	Koren R. McWilliams		

OP \$140.00 2580190

Signature:	/Koren R. McWilliams/
Date:	04/17/2009
<p><b>Total Attachments: 17</b></p> <p>source=Security Agreement - UOP#page1.tif source=Security Agreement - UOP#page2.tif source=Security Agreement - UOP#page3.tif source=Security Agreement - UOP#page4.tif source=Security Agreement - UOP#page5.tif source=Security Agreement - UOP#page6.tif source=Security Agreement - UOP#page7.tif source=Security Agreement - UOP#page8.tif source=Security Agreement - UOP#page9.tif source=Security Agreement - UOP#page10.tif source=Security Agreement - UOP#page11.tif source=Security Agreement - UOP#page12.tif source=Security Agreement - UOP#page13.tif source=Security Agreement - UOP#page14.tif source=Security Agreement - UOP#page15.tif source=UCC-1 Financing Statement - UOP#page1.tif source=UCC-3 Financing Statement Amendment - UOP to WRI#page1.tif</p>	

## SECURITY AGREEMENT

This Security Agreement ("Security Agreement" or "Agreement") is entered into as of January 24, 2008 ("Effective Date") by and between Converted Organics Inc., a Delaware corporation ("Debtor") and United Organic Products, LLC, a California limited liability company ("Secured Party"), referred to individually as a "Party" and collectively as the "Parties". In consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the Parties agree to enter into this transaction based on the following recitals, terms and conditions:

### 1. RECITALS.

1.1 Debtor owes Secured Party One Million Dollars (\$1,000,000.00) pursuant to the terms of a Secured Convertible Promissory Note ("Note") dated January 24, 2008.

1.2 Debtor desires to provide Secured Party with the Collateral (as defined below) to secured Debtor's Obligations under this Agreement.

### 2. Definitions.

2.1 "Accounts" means all accounts, as that term is defined in Section 9102(a)(2) of the California Commercial Code, now owned or hereafter acquired by Debtor, including (a) all accounts receivable, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments), whether arising out of Goods sold or services rendered by it or from any other transaction (including any such obligations that may be characterized as an account or contract right under the Code); (b) all of Debtor's rights in, to, and under all purchase orders or receipts for Goods or services; (c) all of Debtor's rights to any Goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation, and stoppage in transit, and rights to returned, reclaimed, or repossessed Goods); (d) all money due or to become due Debtor under all purchase orders and contracts for the sale of Goods or the performance of services or both by Debtor or in connection with any other transaction (whether or not yet earned by performance by Debtor), including the right to receive the proceeds of those purchase orders and contracts; and (e) all collateral security and guaranties of any kind given by any other Debtor with respect to any of the foregoing.

2.2 "California Commercial Code" means the Uniform Commercial Code as may, from time to time, be enacted and in effect in the State of California.

2.3 "Chattel Paper" means any chattel paper, as such term is defined in section 9102(a)(11) of the California Commercial Code, now owned or hereafter acquired by any person, wherever located.

2.4 "Collateral" is defined in Section 3.

2.5 "Copyright License" means any and all rights now owned or hereafter acquired by Debtor under any written agreement granting any right to use any Copyright or Copyright registration.

2.6 "Copyrights" means all of the following now owned or existing or hereafter adopted or acquired by Debtor: (a) all copyrights and General Intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings, and applications in the United States Copyright Office or in any similar office or agency of the United States, any state or territory, or any other country or political subdivision of that country; and (b) all reissues, extensions, or renewals of the same.

2.7 "Deposit Account" means any deposit account, as that term is defined in Section 9102(a)(29) of the California Commercial Code, now owned or hereafter acquired by Debtor.

2.8 "Documents" means any documents, as that term is defined in section 9102(a)(30) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located.

2.9 "Equipment" means all equipment, as that term is defined in section 9102(a)(33) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located, including all of Debtor's materials handling equipment, manufacturing equipment, processing equipment, engineering equipment, conveyors, machine tools, data processing and computer equipment with software and peripheral equipment, office machinery, furniture, tools, attachments, accessories, any equipment and materials used in high temperature liquid composting process that processes various biodegradable waste products into liquid and solid organic-based fertilizer and feed products, and other equipment of every kind and nature, trade fixtures and other fixtures, together with all additions and accessions, replacements, parts, substitutes for any of the foregoing, fuel, and all manuals, drawings, instructions, warranties, and rights with respect to the foregoing, and all products and proceeds of the foregoing and condemnation awards and insurance proceeds with respect thereto.

2.10 "Fixtures" means all fixtures, as that term is defined in section 9102(a)(41) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located.

2.11 "General Intangibles" means all general intangibles, as that term is defined in section 9102(a)(42) of the California Commercial Code, now owned or hereafter acquired by Debtor, including all right, title, and interest that Debtor may now or hereafter have in or under any Contracts, Licenses, Copyrights, Trademarks, and Patents and all applications therefore and reissues, extensions, or renewals; interests in partnerships, joint ventures, and other business associations; permits; inventions (whether or not patented or patentable); knowledge, know-how, skill, expertise, or experience; software; databases; data; processes; models, drawings, materials, and records; goodwill (including the goodwill associated with any Trademark or Trademark License); all rights and claims in or under insurance policies (including insurance for fire, damage, loss, and casualty, whether covering personal property, real property, tangible rights, or intangible rights, all liability, life, key man, and business interruption insurance, and all unearned premiums); uncertificated and certificated securities; choses in action; deposit, checking, and other bank accounts; rights to receive tax refunds and other payments; rights to receive dividends, distributions, cash, instruments, and other property in respect of or in exchange for pledged shares or other equity interests; rights of indemnification; all ledgers, correspondence, credit files, invoices, and other papers and records; magnetic tapes, CD-ROMs, zip drives, and

other data storage media; and other papers and documents in the possession or under the control of Debtor or any computer bureau or service company from time to time acting for Debtor.

2.12 "Goods" means any goods, as that term is defined in section 9102(a)(44) of the California Commercial Code, now owned or hereafter acquired by Debtor.

2.13 "Indebtedness" means Debtor's obligations, obligations representing the purchase price of property other than accounts payable arising in connection with the purchase of inventory on terms customary in the trade, and obligations under leases that would be capitalized in accordance with generally accepted accounting principles.

2.14 "Instruments" means any instrument, as that term is defined in section 9102(a)(47) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located, including all certificated securities, all certificates of deposit, and all notes and other evidences of indebtedness, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

2.15 "Intellectual Property" means any and all Licenses, Patents, Copyrights, Trademarks, and the goodwill associated with any of the foregoing.

2.16 "Inventory" means any inventory, as that term is defined in section 9102(a)(48) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located, including inventory, merchandise, Goods, and other personal property that are held by or on behalf of Debtor for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process, or materials used or consumed or to be used or consumed in Debtor's business or in the processing, production, packaging, promotion, delivery, or shipping of the same, including other supplies.

2.17 "Investment Property" means all investment property, as that term is defined in section 9102(a)(49) of the California Commercial Code, now owned or hereafter acquired by Debtor, wherever located, including (a) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (b) all securities entitlements of Debtor, including the rights of Debtor to any securities account and the financial assets held by a securities intermediary in the securities account and any free credit balance or other money owing by any securities intermediary with respect to such account; (c) all securities accounts of Debtor; (d) all commodity contracts held by Debtor; and (e) all commodity accounts held by Debtor.

2.18 "Licenses" means Copyright Licenses, Patent Licenses, and Trademark Licenses.

2.19 "Lien" means any security interest, mortgage, pledge, lien, attachment, claim, charge, encumbrance, agreement retaining title, or lessor's interest covering the Collateral.

2.20 "Obligations" means all existing and future indebtedness and liability of Debtor to Secured Party, including all obligations under the Note, interest on such unpaid amounts at the maximum allowable interest rate, and attorney fees and costs incurred by Secured Party in enforcing this Security Agreement or collecting payment under it.

2.21 "Patent License" means rights under any written agreement now owned or hereafter acquired by Debtor granting any right with respect to any invention on which a Patent is in existence.

2.22 "Patents" means all of the following in which Debtor now holds or hereafter acquires any interest: (a) all letters patent of the United States or of any other country; all registrations and recordings of the same, and all applications for letters patent of the United States or any other country, including registrations, recordings, and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or Territory thereof, or any other country; and (b) all reissues, continuations, continuations-in-part, or extensions of them.

2.23 "Trademark License" means rights under any written agreement now owned or hereafter acquired by Debtor granting any right to use any Trademark.

2.24 "Trademarks" means all of the following now owned or existing or hereafter adopted or acquired by Debtor: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings of them, and all applications in connection with them, including registrations, recordings, and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory, or any other country or its political subdivision; (b) all reissues, extensions, or renewals; and (c) all goodwill associated with or symbolized by any of the foregoing.

2.25 Terms that are used in this Agreement that are not specifically defined herein will have the same meanings as defined in the California Commercial Code.

3. **SECURITY INTEREST.** To secure the prompt and complete payment, performance, and observance of all of the Obligations, Debtor hereby grants and assigns to Secured Party a Lien on all of its right, title, and interest in, to, and under the following property, whether now owned or hereafter acquired by or arising in favor of Debtor, including under any trade names, styles, or derivations of Debtor, and whether owned by or consigned by or to, or leased from or to, Debtor, and regardless of where located (all of which being hereinafter collectively referred to as the "Collateral"):

- 3.1 All Accounts;
- 3.2 All Chattel Paper;
- 3.3 All Contracts;
- 3.4 All Equipment;
- 3.5 All General Intangibles;
- 3.6 All Goods;

- 3.7 All Instruments and letters of credit;
- 3.8 All Inventory;
- 3.9 All Investment Property;
- 3.10 All Deposit Accounts;
- 3.11 All money, cash, or cash equivalents; and

3.12 To the extent not otherwise included, all proceeds and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of each of the foregoing.

4. **DEBTOR'S COVENANTS.** Debtor covenants and promises to Secured Party as follows:

- 4.1 To pay the Obligations to Secured Party when they are due.
- 4.2 To pay all expenses, including attorney fees, incurred by Secured Party in the perfection, preservation, realization, enforcement, and exercise of Secured Party's rights under this agreement.
- 4.3 To indemnify Secured Party against loss of any kind, including reasonable attorney fees, caused to Secured Party by reason of its interest in the Collateral.
- 4.4 To conduct Debtor's business efficiently and without voluntary interruption.
- 4.5 To preserve all rights, privileges, and franchises held by Debtor's business.
- 4.6 To keep Debtor's business property in good repair.
- 4.7 To pay all taxes when due.
- 4.8 To give Secured Party notice of any litigation that may have a material adverse effect on the Debtor's business.
- 4.9 Not to change the name or place of Debtor's business, or to use a fictitious business name, without first notifying Secured Party in writing.
- 4.10 Not to sell, lease, transfer, or otherwise dispose of the Collateral except, before the occurrence of a default, for cash proceeds of accounts collected in the ordinary course of business, and except, before the occurrence of a default, for sales of inventory in the ordinary course of business.
- 4.11 Not to permit liens on the Collateral, except existing liens, current tax liens, and purchase money liens.
- 4.12 To maintain fire and extended coverage insurance on the Collateral in the amounts and under policies acceptable to Secured Party, naming Secured Party under a lender's loss-

payable clause, and to provide Secured Party with the original policies and certificates at Secured Party's request.

4.13 Not to use the Collateral for any unlawful purpose or in any way that would void any effective insurance.

4.14 To permit Secured Party, its representatives, and its agents to inspect the Collateral at any time, and to make copies of records pertaining to it, at reasonable times at Secured Party's request.

4.15 To perform all acts necessary to maintain, preserve, and protect the Collateral.

4.16 To notify Secured Party promptly in writing of any default, potential default, or any development that might have a material adverse effect on the Collateral.

4.17 To execute and deliver to Secured Party all financing statements and other documents that Secured Party requests, in order to maintain a first perfected security interest in the Collateral.

4.18 To furnish Secured Party the reports relating to the Collateral at Secured Party's request.

5. **COLLECTING PROCEEDS.** Debtor covenants and promises to Secured Party as follows:

5.1 To receive and use reasonable diligence in collecting the proceeds, and to deliver the proceeds required to be delivered by this Agreement promptly to Secured Party;

5.2 Not to commingle the proceeds with other property or proceeds;

5.3 To keep complete and accurate records of the proceeds, in accordance with generally accepted accounting principles; and

5.4 To provide any service and perform any other acts necessary to keep the proceeds free and clear of defenses, rights of setoff, and counterclaims.

6. **DIRECTING PAYMENT OF PROCEEDS.** From time to time, Secured Party may notify obligors to make payments on receivables (but not on accounts arising in the ordinary course of business unless a default or potential default exists) at the place and in the manner specified by Secured Party.

7. **ATTORNEY IN FACT.** Debtor hereby appoints Secured Party as Debtor's attorney in fact, with the following powers:

7.1 To perform any of Debtor's obligations under this Agreement in Debtor's name or otherwise.

7.2 To prepare and file financing statements, continuation statements, statements of assignment, termination statements, and the like, as necessary to perfect, protect, preserve, or release Secured Party's interest in the Collateral.



**8. DEBTOR'S WARRANTIES AND REPRESENTATIONS.** Debtor covenants, warrants, and represents to Secured Party as follows:

8.1 Debtor is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has all necessary authority to conduct its business wherever it is conducted.

8.2 Debtor has been authorized to execute and deliver this Security Agreement. The Security Agreement is a valid and binding obligation of Debtor. The Agreement creates a perfected, third-priority security interest, subordinate only to indebtedness (whether or not secured) of Maker or its subsidiaries in effect as of January 24, 2008 to (i) any financial institution for funds to purchase the assets of United Organic Products, LLC, a California limited liability company, and/or Waste Recovery Industries, LLC, a Delaware limited liability company, or (ii) an entity for a Recycling Market Development Zone financing, enforceable against the Collateral in which Debtor now has rights, and will create a perfected, first-priority security interest enforceable against the Collateral in which Debtor later acquires rights, when Debtor acquires those rights.

8.3 Neither the execution and delivery of this Security Agreement, nor the taking of any action in compliance with it, will (1) violate or breach any law, regulation, rule, order, or judicial action binding on Debtor, any agreement to which Debtor is a party, or Debtor's Articles of Incorporation or Bylaws or other agreement; or (2) result in the creation of a lien against the Collateral except that created by this Security Agreement.

8.4 No default or potential default exists.

8.5 If any of the Collateral consists of Fixtures, the Collateral subject to this Security Agreement includes those Fixtures. Debtor has provided Secured Party all information needed to make the fixture filings required to give Secured Party's security interest in that Fixture Collateral a third-priority interest subordinate only to indebtedness (whether or not secured) of Maker or its subsidiaries in effect as of January 24, 2008 to (i) any financial institution for funds to purchase the assets of United Organic Products, LLC, a California limited liability company, and/or Waste Recovery Industries, LLC, a Delaware limited liability company, or (ii) an entity for a Recycling Market Development Zone financing, for Fixture Collateral in which Debtor now has rights, and a first-party priority enforceable against the Fixture Collateral in which Debtor has rights over all third parties with an interest in the real property to which the Fixtures are attached.

**9. SUBSTITUTION OF COLLATERAL.** Debtor may substitute new or additional Collateral for the existing Collateral so long as (i) the new Collateral has a fair market value that is equal to, or greater than, the Collateral to be released, and (ii) Debtor will execute any and all documents that are required to give Secured Party a perfected security interest in the new Collateral. Debtor will send a written notice to Secured Party that identifies both the new Collateral (with its fair market value) and the Collateral to be released. Upon Debtor giving Secured Party a perfected security interest in the new Collateral, Secured Party will execute any necessary written release of its security interest in the old Collateral and file a release of its UCC-

1 financing statement against the respective Collateral.

10. **RELEASE OF COLLATERAL.** Secured Party warrants and covenants that it will release any portion of the Collateral from the lien created by this Agreement in conformity with this Section 10. Debtor will send a written notice to Secured Party (i) identifying the specific Collateral that Debtor wants released from this Agreement, and (ii) showing how the remaining Collateral has a fair market value that is equal to, or greater than, the outstanding balance of all Obligations owing from Debtor to Secured Party. Secured Party will then execute any necessary written release of its security interest in the Collateral and file a release of its UCC-1 financing statement against the respective Collateral.

11. **TERM OF AGREEMENT.** This Agreement will terminate when (a) Debtor completes performance of all Obligations to Secured Party, including without limitation the repayment of all Indebtedness by Debtor to Secured Party; (b) Secured Party has no commitment that could give rise to an Obligation; and (c) Debtor has notified Secured Party in writing of the termination.

12. **DEFAULT:** Debtor will be in default under this Agreement if any of the following occurs:

12.1 Debtor fails to pay any Obligations, or any portion thereof, to Secured Party when due, at stated maturity, on accelerated maturity, or otherwise;

12.2 Debtor fails to make any remittances required by this Agreement;

12.3 Debtor commits any breach of this Agreement, or any present or future rider or supplement to this Agreement, or any other agreement between Debtor and Secured Party evidencing the Obligation or securing it;

12.4 Any warranty, representation, or statement, made by or on behalf of Debtor in or with respect to this Agreement, is false;

12.5 The Collateral is lost, stolen, or damaged;

12.6 There is a seizure or attachment of, or a levy on, the Collateral;

12.7 Debtor ceases operations, is dissolved, terminates its existence, does or fails to do anything that allows obligations to become due before their stated maturity, or becomes insolvent or unable to meet its debts as they mature;

12.8 Debtor (1) applies for or consents to the appointment of a receiver, trustee, liquidator, or custodian of itself or of a substantial part of its property; (2) is unable, or admits in writing its inability, to pay its debts generally as they mature; (3) makes a general assignment for the benefit of its creditors or any of them; (4) is dissolved or liquidated in full or in part; (5) commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect, or consents to any relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it;

or (6) takes any action for the purpose of effecting any of the foregoing; or

12.9 Proceedings for the appointment of a receiver, trustee, liquidator, or custodian of the Debtor or of all or a substantial part of its property, or an involuntary case or other proceedings seeking liquidation, reorganization, or other relief with respect to the Debtor or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect are commenced and an order for relief is entered or such a proceeding is not dismissed or discharged within 60 days of commencement.

12.10 Debtor defaults under any or all of those certain agreements entered into by and between Debtor and Waste Recovery Industries, LLC, a California limited liability company on even date, including the Asset Purchase Agreement, Secured Convertible Promissory Note, and Security Agreement.

**13. REMEDIES UPON DEFAULT:** When a default occurs:

13.1 The Secured Party may notify persons owing money to the Debtor to make payments directly to the Secured Party.

13.2 The Secured Party may reasonably enter upon the real property where the Collateral is located, possess, control, rent and lease the Collateral. Secured Party may collect all rent and income from the Collateral which shall be applied to the Obligations in default, plus costs and expenses.

13.3 The Secured Party may sell or otherwise dispose of the Collateral as determined by the Secured Party in any manner permitted by applicable laws. The Secured Party may purchase the Collateral at any such sale in the manner permitted by applicable law. The Debtor shall be liable to the Secured Party for any deficiency. The Secured Party may alternatively retain the Collateral in full satisfaction of the Obligations as permitted by applicable law.

13.4 Any deficiency incurred by Secured Party on behalf of Debtor (i.e., the difference between the amount due under the Obligations and the proceeds of such sale or disposal together with all costs and expenses, including, without limitation, attorney's fees and costs, incurred or paid by Secured Party in exercising any right, power or remedy provided by this Agreement or by law) shall bear interest at the maximum allowable interest rate.

13.5 The Secured Party may declare the Obligations immediately due and payable without demand, presentment, protest or notice to Debtor, all of which Debtor expressly waives.

13.6 Secured Party may exercise all rights and remedies available to a secured creditor after default, including but not limited to the rights and remedies of secured creditors under the California Commercial Code.

13.7 Secured Party's notice of the time and place of public sale of the Collateral, or the time on or after which a private sale or other disposition of the Collateral will be made, is reasonable if sent to Debtor in the manner for giving notice at least 10 days before the public or private sale.

13.8 Debtor must:

(1) Assemble the Collateral and make it and all records relating to it available to Secured Party as Secured Party directs.

(2) Allow Secured Party, its representatives and its agents to enter the premises where all or any part of the Collateral, the records, or both may be, and remove any or all of it.

14. **GENERAL PROVISIONS:**

14.1 **Amendment.** This Agreement may not be amended, modified or supplemented except by a written agreement executed by all the Parties.

14.2 **Assignment** This Agreement is transferable by Secured Party in his sole Discretion.

14.3 **Attorneys' Fees.** In the event any Party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the Party prevailing in such action or proceeding shall be paid all reasonable attorneys' fees and costs. These costs include, without limitation, expert witness fees, investigation costs, costs of tests and analysis, travel and accommodation expenses, deposition and trial transcript costs and court costs. A court, and not a jury, will set all such fees and costs, all of which will be included in the judgment entered in such proceeding.

14.4 **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their permitted successors and assigns, and any reference to a Party hereto shall also be a reference to a permitted successor or assign.

14.5 **Captions.** The titles and captions contained in this Agreement are inserted herein only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof. Unless otherwise specified to the contrary, all references to Articles and Sections are references to Articles and Sections of this Agreement and all references to Exhibits and Schedules are references to Exhibits and Schedules to this Agreement.

14.6 **Complete Agreement.** This Agreement and the attached Exhibits and Schedules constitute the complete and exclusive statement of agreement among the Parties with respect to the subject matter herein and therein replace and supersede all prior written and oral agreements or statements by and among the Parties. No representation, statement, condition or warranty not contained in this Agreement, or the attached Exhibits or Schedules, will be binding on the Parties or have any force or effect whatsoever, notwithstanding the provisions of Civil Code section 1698.

14.7 **Controlling Law.** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of California without reference to California's choice of law rules.

14.8 **Counsel to United Organic Products, LLC.** The firm of Lombardo & Gilles,

LLP, (the "Firm") has been employed to prepare the initial draft of this Agreement for review by the Parties and their respective advisors or counsel. Each Party acknowledges that the Firm represents United Organic Products, LLC, a California limited liability company and that, in the absence of any other written agreement, the Firm shall owe no duties directly to any Party other than United Organic Products, LLC, a California limited liability company. In the event of any dispute or controversy arising between any Party and United Organic Products, LLC, a California limited liability company, each Party agrees that the Firm may continue to represent United Organic Products, LLC, a California limited liability company in any such dispute or controversy. Each Party irrevocably consents to such representation and acknowledges that the Firm has not represented the interest of any other Party in preparing this Agreement.

**14.9 Counterparts.** This Agreement may be executed simultaneously in one (1) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**14.10 Enforcement of Certain Rights.** Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person, firm or corporation other than the Parties hereto, and their successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such person, firm or corporation being deemed a third party beneficiary of this Agreement.

**14.11 Exhibits and Schedules** The Exhibits and Schedules attached hereto are incorporated into and made a part of this Agreement as if set out in full in this Agreement.

**14.12 Fees and Expenses.** Each Party shall pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, but not limited to, the fees, costs and expenses of its accountants and counsel.

**14.13 Further Documents and Acts.** The Parties to this Agreement will, in good faith, exercise and perform such other acts as are reasonably necessary and appropriate to consummate and carry out the terms and conditions and other contracts described under this Agreement. The Parties agree to execute and deliver such further instruments, agreements, contracts and documents, as may be reasonably required to effectuate the stated and intended purposes of this Agreement.

**14.14 Interpretation.** In the event any claim is made by any Party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Party or his or its counsel. The Parties further agree that California Civil Code Section 1654 does not apply to this Agreement.

**14.15 Investigations; Representations and Warranties.** The representations and warranties, covenants and agreements of the Parties set forth in this Agreement shall remain in full force and effect until duly satisfied or performed by the appropriate Party hereto. This Section shall not limit or restrict the Parties' remedies against each other or any other person for fraud, willful misconduct, bad faith or any other intentional breach of any representation, warranty, covenant or agreement contained herein. The respective representations and warranties of the

Parties contained herein or in any certificate, or other document delivered by any Party, shall not be deemed waived or otherwise affected by any investigation made by a Party hereto.

**14.16 Jurisdiction and Venue.** The Parties acknowledge and understand that the making of this Agreement is in Monterey County, California. Any suit, arbitrations, mediation or other remedial process shall be filed and maintained in Monterey County, California.

**14.17 Notices.** All notices, communications and deliveries hereunder shall be made in writing signed by the Party making the same, shall specify the Section hereunder pursuant to which it is given or being made, and shall be deemed given or made on either 1) the date delivered if delivered in person, 2) on the date initially received if delivered by facsimile transmission followed by registered or certified mail confirmation, 3) on the date delivered if delivered by a nationally recognized overnight courier service or 4) on the third (3rd) business day after it is mailed if mailed by registered or certified mail (return receipt requested) (with postage and other fees prepaid) as follows:

To Secured Party:

United Organic Products, LLC  
Attn: Peter Townsley  
P. O. Box 4664  
Paso Robles CA 93447

with a copy to:

Patrick S.M. Casey  
Lombardo & Gilles, LLP  
318 Caygua Street  
Salinas, CA 93901

To Debtor:

Converted Organics, Inc.  
Attn: Edward J. Gildea  
7A Commercial Wharf West  
Boston, MA 02110

or to such other representative or at such other address of a Party as such Party hereto may furnish to the other Parties in writing.

**14.18 Number; Gender.** Whenever the context so requires, the singular number shall include the plural and the plural shall include the singular, and the gender of any pronoun shall include the other genders.

**14.19 Reliance on Authority of Person Signing Agreement.** If a Party is not a natural person, then no other Party will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual, or (b) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

**14.20 Remedies Cumulative.** The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

**14.21 Severability.** The unenforceability, invalidity or illegality of any provision of this Agreement shall not render the other provisions unenforceable, invalid, or illegal. If any provision of the Agreement is held invalid or unenforceable, then the remainder of this

Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances. If any provision of this Agreement is unenforceable under the law prevailing on the date hereof, but is enforceable under the law prevailing at a subsequent time, then such originally unenforceable provision shall be deemed to take effect at the time when it becomes enforceable. As used herein, the term "unenforceable" is used in its broadest and most comprehensive sense and includes the concepts of void or voidable.

**14.22 Time of the Essence; Computation of Time.** Time is of the essence for each and every provision of this Agreement. Whenever the last day for the exercise of any privilege or the discharge of any duty hereunder shall fall upon a Saturday, Sunday, or any date is a legal holiday in the State of California, then the Party having such privilege or duty may exercise such privilege or discharge such duty on the next succeeding day which is a regular business day.

**14.23 Waiver.** The Parties hereto, by or pursuant to action taken by their respective members, partners or officers, may, to the extent legally permitted: (i) extend the time for the performance of any of the obligations or other acts of any other Party; (ii) waive any inaccuracies in the representations or warranties of any other Party contained in this Agreement or in any document or certificate delivered pursuant hereto; (iii) waive compliance or performance by any other Party with any of the covenants, agreements or obligations of such Party contained herein; and (iv) waive the satisfaction of any condition that is precedent to the performance by the Party so waiving of any of its obligations hereunder. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by one Party of the performance of any covenant, agreement, obligation, condition, representation or warranty shall not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act shall not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

(Signatures contained on following page).

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first written above.

**DEBTOR:**

CONVERTED ORGANICS, INC.,  
a Delaware corporation

By: \_\_\_\_\_

Edward J. Gildea  
President

**SECURED PARTY:**

UNITED ORGANIC PRODUCTS, LLC,  
a California limited liability company

By: \_\_\_\_\_

Peter Townsley  
Chief Executive Officer



IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first written above.

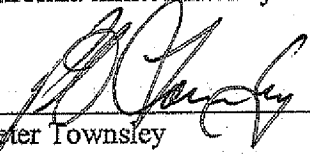
**DEBTOR:**

CONVERTED ORGANICS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Edward J. Gildea  
President

**SECURED PARTY:**

UNITED ORGANIC PRODUCTS, LLC,  
a California limited liability company

By:  \_\_\_\_\_  
Peter Townsley  
Chief Executive Officer

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

08-7145326905

01/29/2008 15:28

A. NAME & PHONE OF CONTACT AT FILER [optional]  
 Patrick S. Casey (831) 754-2444

B. SEND ACKNOWLEDGEMENT TO: (Name and Address)

Lombardo & Gilles, LLP  
 318 Cayuga Street  
 Salinas, CA 93801

**DATASEARCH, INC.**  
 P.O. Box 15406  
 Sacramento, CA 95851-0406

L29329/889



**FILED**  
 CALIFORNIA  
 SECRETARY OF STATE



1568694002 UCC FILING ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
 Converted Organics, Inc.

OR

1b. INDIVIDUAL'S LAST NAME

FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS  
 TA Commercial Wharf West

CITY	STATE	POSTAL CODE	COUNTRY
Boston	MA	02110	USA

ADDL INFO RE ORGANIZATION DEBTOR

1d. TYPE OF ORGANIZATION Corporation	1e. JURISDICTION OF ORGANIZATION Delaware	1f. ORGANIZATIONAL ID# if any 4089317	<input type="checkbox"/> NONE
---	--	--	-------------------------------

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY

ADDL INFO RE ORGANIZATION DEBTOR

2d. TYPE OF ORGANIZATION	2e. JURISDICTION OF ORGANIZATION	2f. ORGANIZATIONAL ID# if any	<input type="checkbox"/> NONE
--------------------------	----------------------------------	-------------------------------	-------------------------------

3. SECURED PARTY'S NAME (or NAME OF TOTAL ASSIGNEE or ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
 Waste Recovery Industries, LLC

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS  
 P.O. Box 4664

CITY	STATE	POSTAL CODE	COUNTRY
Paso Robles	CA	93447	USA

4. THIS FINANCING STATEMENT covers the following collateral:

The following assets of Converted Organics, Inc. as such terms are defined in the California Commercial Code: all Accounts, Chattel Paper, Contracts, Equipment, General Intangibles, Goods, Instruments and letters of credit, Inventory, Investment Property, Deposit Accounts, money, cash or equivalents, and to the extent not otherwise included, all proceeds and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of the foregoing.

5. ALTERNATIVE DESIGNATION (if applicable)  LESSOR/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOER  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable)

7. Check to REQUEST SEARCH REPORT (S) on Debtor(s)  All Debtors  Debtor 1  Debtor 2 (ADDITIONAL FEE) (optional)

8. OPTIONAL FILER REFERENCE DATA  
 00659.011

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) - CALIFORNIA (REV. 01/01/08)

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

<b>A. NAME &amp; PHONE OF CONTACT AT FILER [optional]</b> Koren McWilliams (831) 754-2444				
<b>B. SEND ACKNOWLEDGMENT TO: (Name and Address)</b> Koren R McWilliams 318 Cayuga Street Salinas, CA 93901 USA				
DOCUMENT NUMBER: 19552140002 FILING NUMBER: 08-71827998 FILING DATE: 12/29/2008 09:34 IMAGE GENERATED ELECTRONICALLY FOR WEB FILING THE ABOVE SPACE IS FOR CA FILING OFFICE USE ONLY				
<b>1a. INITIAL FINANCING STATEMENT FILE #</b> 08-7145635443			<b>1b.</b> <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.	
<b>2.</b> <input type="checkbox"/> <b>TERMINATION:</b> Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination.				
<b>3.</b> <input type="checkbox"/> <b>CONTINUATION:</b> Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.				
<b>4.</b> <input checked="" type="checkbox"/> <b>ASSIGNMENT (full or partial):</b> Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.				
<b>5. AMENDMENT (PARTY INFORMATION):</b> This Amendment affects <input type="checkbox"/> Debtor or <input checked="" type="checkbox"/> Secured Party of record. Check only <u>one</u> of these Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7. <input type="checkbox"/> CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c				
<b>6. CURRENT RECORD INFORMATION:</b>				
6a. ORGANIZATION'S NAME				
OR				
6b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
<b>7. CHANGED (NEW) OR ADDED INFORMATION:</b>				
7a. ORGANIZATION'S NAME Waste Recovery Industries, LLC				
OR				
7b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
<b>7c. MAILING ADDRESS</b>				
P. O. Box 4664		CITY Paso Robles	STATE CA	POSTAL CODE 93447- COUNTRY USA
<b>7d. SEE INSTRUCTIONS</b>		<b>7e. TYPE OF ORGANIZATION</b>		<b>7f. JURISDICTION OF ORGANIZATION</b>
ADD'L DEBTOR INFO		7g. ORGANIZATIONAL ID#, if any		<input type="checkbox"/> NONE
<b>8. AMENDMENT (COLLATERAL CHANGE):</b> check only <u>one</u> box. Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input checked="" type="checkbox"/> assigned				
<b>9. NAME of SECURED PARTY of RECORD AUTHORIZING THIS AMENDMENT</b> (name of assignor, if this is an Assignment). If this is an Amendment authorized by Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this amendment.				
a. ORGANIZATION'S NAME UNITED ORGANIC PRODUCTS, LLC				
OR				
b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
<b>10. OPTIONAL FILER REFERENCE DATA</b>				
559,000				

FILING OFFICE COPY