

Form PTO-1594 (Rev. 03/05)
OMB Collection 0651-0027 (exp. 6/30/2005)

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

RECORDATION FORM COVER SHEET TRADEMARKS ONLY

To the Director of the U. S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies):

SLY, LLC

- Individual(s)
- General Partnership
- Corporation- State: _____
- Other Limited liability company
- Association
- Limited Partnership

Citizenship (see guidelines) United States

Additional names of conveying parties attached? Yes No

3. Nature of conveyance / Execution Date(s) :

Execution Date(s) April 5, 2012

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

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: AIC (Asia) Services Co., Ltd

Internal

Address: Suites 1005 and 1001-2

Street Address: Abbon Plaza, 2-8 Granville Road

City: TST Kowloon

State: _____

Country: Hong Kong Zip: _____

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship _____
- Other LLC Citizenship Hong Kong

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
85/413,490; 85/304,738

B. Trademark Registration No.(s)
3,448,944; 3,649,091; 3,873,721; 3,602,895

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):
CODE: CODE; ANNEX; DUAL CARBON; PROFIT; SLY

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

Name: Morland C. Fischer

Internal Address: Suite 1300

Street Address: 2030 Main Street

City: Irvine

State: CA Zip: 92614

Phone Number: (949) 476-0600

Fax Number: (949) 476-0606

Email Address: morlandcf@earthlink.net

6. Total number of applications and registrations involved:

6

7. Total fee (37 CFR 2.6(b)(8) & 3.41) \$ 165

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number 08-1310

Authorized User Name Morland C. Fischer

9. Signature:

Morland C. Fischer
Signature

April 26, 2012
Date

Morland C. Fischer

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 16

Documents to be recorded (including cover sheet) should be faxed to (703) 308-4995, or mailed to: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1460, Alexandria, VA 22313-1460

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "**Agreement**") is made as of April 5th, 2012, by and between SLY, LLC, a California corporation located at 9060 Activity Road, Suite E, San Diego CA 92126 (the "**Grantor**") and AIC (Asia) Services Co., Ltd., a company formed under the laws of Hong Kong (the "**Secured Party**") and located at Suite 1005 & 1001-2, Albion Plaza, 2 – 6 Granville Road, TST Kowloon, Hong Kong, SAR (Secured Party and Grantor sometimes referred to as the "**Parties**").

RECITALS

A. Valken Incorporated, a New Jersey corporation ("**Valken**"), as of the date hereof owns all of the members interests in Grantor and will directly and indirectly benefit by Grantor entering into this Agreement.

B. The Grantor and Secured Party have entered into a Consulting Agreement (the "**Consulting Agreement**") of even date herewith obligating the Grantor to pay a consulting fee in the sum of \$2,200,000.00 (US Dollars) to Secured Party (the "**Consulting Fee**").

C. In order to induce Secured Party to enter into the Consulting Agreement, Grantor has agreed, among other things, to execute and enter into this Agreement.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein and therein, the parties agree as follows:

ARTICLE 1. DEFINED TERMS

1.1 DEFINITIONS. Unless otherwise defined herein or unless the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Uniform Commercial Code in effect in the State of California (the "**UCC**"). In addition, the following terms when used in this Agreement, including its preamble and recitals, shall have the following meanings:

"**Transaction Documents**" means (a) the Consulting Agreement, (b) this Agreement, and (c) the UCC-1's and security interest filings filed with United States and foreign governmental agencies in connection herewith.

"**Obligations**" means the payment and performance obligations of the Grantor under any of the Transaction Documents, including, without limitation, the obligation of Grantor to pay Secured Party the Consulting Fee.

ARTICLE 2. SECURITY INTEREST

2.1 GRANT OF SECURITY INTEREST. To secure the timely payment and performance in full of the Obligations, Grantor does hereby assign, grant and pledge to the Secured Party all of the estate, right, title and interest of GRANTOR in SCHEDULE 1, whether now owned or later acquired or created, and including all proceeds of such assets, whether cash or non-cash (collectively, the "**Collateral**").

2.2 FINANCING STATEMENTS.

(a) Grantor hereby authorizes Secured Party to file this Agreement and all financing statements, continuation statements, amendments, assignments, collateral assignments, certificates, and other documents and instruments with respect to the Collateral pursuant to the UCC and otherwise in any jurisdiction and with any filing offices (whether state, federal or foreign) as may be necessary or reasonably requested by such Secured Party to perfect, or from time to time to publish notice of, or continue or renew, the security interests granted hereby (including, such financing statements, continuation statements, certificates, and other documents as may be necessary or reasonably requested to perfect a security interest in any additional property rights hereafter

acquired by Grantor or in any replacements, products or proceeds thereof), in each case in form and substance satisfactory to such Secured Party.

(b) Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes such property in any other manner as Secured Party may reasonably determine is necessary, advisable or prudent to ensure the perfection of the security interest in the Collateral granted to Secured Party herein.

2.3 GRANTOR REMAINS LIABLE.

(a) Notwithstanding anything contained herein to the contrary, Grantor shall remain liable under any of its contracts, agreements and other documents included in the Collateral, to perform all of the obligations undertaken by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and Secured Party shall have no obligations or liabilities under any such contracts, agreements and other documents by reason of or arising out of this Agreement, nor shall Secured Party be required or obligated in any manner to perform or fulfill any obligations of Grantor thereunder or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by them or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to them or to which they may be entitled at any time or times.

(b) If any default by Grantor under any of the contracts, agreements or other documents included in the Collateral shall occur, Secured Party shall, at its option, be permitted (but shall not be obligated) to remedy any such default by giving written notice of such intent to Grantor and to the parties to such contract, agreement or other document. Any cure by Secured Party of Grantor's default under any such contract, agreement or other document shall not be construed as an assumption by Secured Party of any obligations, covenants or agreements of Grantor contained in such contract, agreement or other document, and Secured Party shall not incur any liability to Grantor or any other person as a result of any actions undertaken by Secured Party in curing or attempting to cure any such default. This Agreement shall not be deemed to release or to affect in any way the obligations of Grantor under any of such contracts, agreements or other documents.

REPRESENTATIONS AND WARRANTIES OF GRANTOR

Grantor makes the following representations and warranties to and in favor of Secured Party as of the date hereof. All of these representations and warranties shall survive the execution and delivery of this Agreement:

3.1 OFFICES, LOCATION OF COLLATERAL. The chief executive office or chief place of business of Grantor is located at the address reflected in the first paragraph of this Agreement.

3.2 TITLE AND LIENS. Grantor has good, valid, and marketable title to the Collateral, free from all liens and encumbrances of any kind (collectively, "Liens"), except for (i) normal and customary state or municipal impositions not yet due and payable and (ii) the Liens set forth on Exhibit 3.2 attached hereto. As a result of this Agreement, Secured Party will have a senior security interest in the Collateral, subordinate to no other security interest other than the encumbrances set forth on Exhibit 3.2 (the "Permitted Encumbrances").

ARTICLE 4. COVENANTS OF GRANTOR

Grantor covenants to and in favor of Secured Party as follows:

4.1 COMPLIANCE WITH OBLIGATIONS. Grantor shall perform and comply in all material respects with all obligations and conditions on its part to be performed with respect to the Collateral.

4.2 INFORMATION CONCERNING COLLATERAL. Grantor shall, promptly upon request, provide to Secured Party all information and evidence that Secured Party reasonably requests concerning the Collateral to enable Secured Party to enforce the provisions of this Agreement.

4.3 DEFENSE OF COLLATERAL. Grantor shall defend its title to the Collateral and the interests of Secured Party in the Collateral pledged hereunder against the claims and demands of all third parties whomsoever, except for permitted encumbrances.

4.4 MAINTENANCE OF COLLATERAL. Grantor shall not (i) fail to deliver to Secured Party a copy of each demand or notice received or given by it relating to any contract, agreement or other document of Grantor included in the Collateral or to any other Collateral which could reasonably be expected to have a material adverse effect upon the Collateral or Secured Party's respective rights therein, or (ii) sell, contract to sell, assign, transfer or dispose of any of the Collateral, except in the ordinary course of business, and not to Valken or a third party, or with the consent of Secured Party, which consent will not be unreasonably withheld, or (iii) dissolve or liquidate or cease doing business

4.5 EVENTS OF DEFAULT. Grantor shall give to Secured Party prompt notice of any material default with respect to the Collateral of which Grantor has knowledge or has received notice.

4.6 PRESERVATION OF VALUE; LIMITATION OF LIENS. Grantor shall not take any action in connection with the Collateral which would impair in any material respect the respective interests or rights of Secured Party therein or with respect thereto, except as expressly permitted hereby; *provided, however*, that nothing in this Agreement shall prevent Grantor, prior to the exercise by Secured Party of any of its respective rights pursuant to the terms hereof, from undertaking Grantor's operations in the ordinary course of business. Grantor shall not directly or indirectly create, incur, assume or suffer to exist any liens on or with respect to all or any part of the Collateral senior to or *pari passu* with the liens created by this Agreement, except for the Permitted Encumbrances.

4.7 MAINTENANCE OF RECORDS. Grantor shall, at all times, keep accurate and complete records of the Collateral. Grantor shall permit representatives of Secured Party, upon reasonable prior notice, to inspect and make abstracts from Grantor's books and records pertaining to the Collateral. Upon the occurrence and during the continuation of any Event of Default, at Secured Party's request, Grantor shall promptly deliver copies of any and all such records to Secured Party.

4.9 PAYMENT OF TAXES. Grantor shall pay or cause to be paid, before any fine, penalty, interest or cost attaches thereto, all taxes, assessments and other governmental or non-governmental charges or levies (other than those taxes that it is contesting in good faith and by appropriate proceedings, and in respect of which it has established adequate reserves for such taxes) hereafter assessed or levied against the Collateral pledged by it hereunder and shall retain copies of, and, upon request, permit Secured Party to examine receipts showing payment of any of the foregoing.

4.10 NAME; JURISDICTION OF ORGANIZATION. Grantor shall give Secured Party at least 30 days prior written notice before Grantor changes its name, jurisdiction of organization or entity type and shall at the expense of Grantor execute and deliver such instruments and documents as may be required by Secured Party or applicable legal requirements to maintain their senior perfected security interests in the Collateral subject to the Permitted Encumbrances.

4.11 PROCEEDS OF COLLATERAL. Grantor shall, at all times, keep pledged to Secured Party pursuant hereto all Collateral and all dividends, distributions, interest, principal and other proceeds received by the Grantor with respect thereto, and all other Collateral from time to time received by or distributable to Grantor in respect of any Collateral.

4.12 Notification to Secured Party. Grantor covenants and agrees with Secured Party that from and after the date of this Agreement and until the Termination Date:

(a) Grantor shall notify Secured Party immediately if it knows or has reason to know that any application or

registration relating to any patent or trademark or service mark (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, or any foreign governmental office or agency or any court) regarding Grantor's ownership of any patent or trademark or service mark, its right to register the same, or to keep and maintain the same.

(b) In no event shall Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any patent or trademark or service mark owned by SLY, LLC (hereafter "Patent or Trademark") with the United States Patent and Trademark Office or any similar office or agency, foreign or domestic that is or that relates to the Patents and Trademarks, without giving Secured Party prior written notice thereof, and, upon request of any Secured Party, Grantor shall execute and deliver a supplement hereto (in form and substance satisfactory to such Secured Party) to evidence Secured Party's lien on such Patent or Trademark, and the general intangibles of Grantor relating thereto or represented thereby.

(c) Unless an application or registration belonging to SLY, LLC is not material to Grantor's business as determined by Grantor in the exercise of its reasonable business judgment, Grantor shall take all actions necessary or requested by any Secured Party to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the Patents or Trademarks (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(d) In the event that any of the Collateral (defined as being owned by SLY, LLC) relating to patents, patent applications, trademarks and trademark applications, and rights and interests and goodwill and royalties and proceeds relating thereto collectively the "Intellectual Property Collateral" is infringed upon, or misappropriated or diluted by a third party, Grantor shall notify Secured Party promptly after Grantor learn thereof. Grantor shall, unless it shall reasonably determine that such Intellectual Property Collateral is in no way material to the conduct of SLY LLC's business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions any Secured Party shall deem appropriate under the circumstances to protect such Intellectual Property Collateral.

4.13 As to Intellectual Property Collateral:

(a) Grantor agrees to take, at its expense, all steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authority located in the United States as well as any other country, with respect to the SLY, LLC collateral, to (i) maintain the validity and enforceability of any registered Intellectual Property Collateral (or applications therefor) and maintain such Intellectual Property Collateral in full force and effect, and (ii) pursue the registration and maintenance of each Patent or Trademark registration or application, now or hereafter included in such Intellectual Property Collateral of SLY, LLC, including, without limitation, the payment of required fees and taxes, the filing of responses to office actions issued by the U.S. Patent and Trademark Office or other United States and foreign governmental authorities, the filing of applications for renewal or extension, the filing of affidavits under Sections 8 and 15 of the U.S. Trademark Act (and any equivalent foreign laws, rules and regulations), the filing of divisional, continuation, continuation-in-part, reissue and renewal applications or extensions, the payment of maintenance fees and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(b) Grantor shall not permit or do any act or knowingly omit to do any act whereby any of its SLY, LLC Intellectual Property Collateral may lapse, be terminated, or become invalid or unenforceable or placed in the public domain (or in case of a trade secret, lose its competitive value).

(c) Grantor shall take all steps to preserve and protect each item of its SLY, LLC Intellectual Property Collateral, including, without limitation, maintaining the quality of any and all products or services used or provided in connection with any of the Trademarks, consistent with the quality of the products and services as of the date hereof, and taking all steps necessary to ensure that all licensed users of any of the Trademarks abide by the applicable license's terms with respect to the standards of quality.

(d) Grantor shall promptly cooperate as reasonably necessary to enable the Secured Party to make any necessary or reasonably desirable recordings with the U.S. Copyright Office or the U.S. Patent and Trademark Office, and any foreign governmental agency or authority, as appropriate.

**ARTICLE 5.
RIGHTS AND REMEDIES**

5.1 EVENT OF DEFAULT DEFINED. Any breach of the provisions of this Agreement which is not cured within ninety business days of notice from Secured Party or any event of default under any of the Transaction Documents following expiration of any applicable notice and grace periods as expressly provided for in the Transaction Documents will constitute an "Event of Default" hereunder. A business day means any day that the banks located in New Jersey located in the United States are open for business.

5.2 REMEDIES UPON EVENT OF DEFAULT.

(a) During any period during which an Event of Default shall have occurred and be continuing, Secured Party may (but shall be under no obligation to), directly or by using agent or broker:

(i) proceed to protect and enforce the rights vested in it by this Agreement and under the UCC;

(ii) cause all moneys and other property pledged as security to be paid and/or delivered directly to it, and demand, sue for, collect and receive any such moneys and property;

(iii) cause any action at law or suit in equity or other proceeding to be instituted and prosecuted to collect or enforce any Obligations of Grantor or rights included in the Collateral, or for specific enforcement of any covenant or agreement contained herein, or in aid of the exercise of any power therein or herein granted, or for any foreclosure hereunder and sale under a judgment or decree in any judicial proceeding, or to enforce any other legal or equitable right vested in it by this Agreement or by law;

(iv) foreclose or enforce any other agreement or other instrument by or under or pursuant to which the Obligations of any Grantor are issued or secured;

(v) subject to Section 5.2(b), sell, lease or otherwise dispose of any or all of the Collateral, in one or more transactions, at such prices as Secured Party may deem best, and for cash or on credit or for future delivery, without assumption of any credit risk, at any broker's board or at public or private sale, without demand of performance or notice of intention to sell, lease or otherwise dispose of, or of time or place of disposition (except such notice as is required by applicable statute and cannot be waived), it being agreed that Secured Party may be purchasers or lessees on their own behalf at any such sale and that Secured Party or anyone else who may be the purchaser, lessee or recipient for value of any or all of the Collateral so disposed of shall, upon such disposition, acquire all of Grantor's rights therein. Secured Party may adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the same, and such sale may, without further notice or publication, be made at any time or place to which the same may be so adjourned. If Secured Party sells any of the Collateral upon credit, after reasonable inquiry as to the credit worthiness of the purchaser, Grantor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Grantor shall be credited with the proceeds of the sale;

(vi) incur expenses, including reasonable attorneys' fees, consultants' fees, and other costs appropriate to the exercise of any right or power under this Agreement;

(vii) perform any obligation of Grantor hereunder and make payments, purchase, contest or compromise any encumbrance, charge, or lien, and pay taxes and expenses;

(viii) make any reasonable compromise or settlement deemed desirable with respect to any or all of the Collateral and extend the time of payment, arrange for payment installments, or otherwise modify the terms of, any or all of the Collateral;

(ix) secure the appointment of a receiver of any or all of the Collateral;

(x) exercise any other or additional rights or remedies granted to Secured Party under any other provision of this Agreement or exercisable by a secured party under the UCC, whether or not the UCC applies to the affected Collateral, or under any other applicable law and take any other action which Secured Party deem necessary or desirable to protect or realize upon their security interests in the Collateral or any part thereof; and/or

(xi) appoint a third party (who may be an employee, officer or other representative of Secured Party) to do any of the foregoing, or take any other action permitted hereunder, on behalf of Secured Party.

(b) If, pursuant to any law, prior notice of any action described in Section 5.2(a) is required to be given to Grantor, Grantor hereby acknowledges that the minimum time required by such law, or if no minimum is specified, ten (10) days, shall be deemed a reasonable notice period.

5.4 EXPENSES; INTEREST. All costs and expenses (including reasonable attorneys' fees and expenses) incurred by Secured Party in connection with exercising any actions taken under Article 5, together with interest thereon (to the extent permitted by law) computed at the Default Rate per annum as defined in the Consulting Agreement (or if less, the maximum rate permitted by law) from the date on which such costs or expenses are invoiced to and become payable by Grantor, to the date of payment thereof, shall constitute part of the Obligations secured by this Agreement and shall be paid by Grantor to Secured Party within 90 days after written demand.

5.5 NO IMPAIRMENT OF REMEDIES. If under applicable law, Secured Party proceeds by either judicial foreclosure or by non-judicial sale or enforcement, Secured Party may, at its sole option, determine which of its remedies or rights to pursue without affecting any of its respective rights and remedies under this Agreement. Any election of remedies which results in the denial or impairment of the right of Secured Party to seek a deficiency judgment against any third party shall not, to the extent permitted by applicable law, impair Grantor's obligations hereunder. If Secured Party bids at any foreclosure or trustee's sale or at any private sale permitted by law or this Agreement, Secured Party may bid all or less than the amount of the Obligations.

ARTICLE 6. CERTAIN WAIVERS

6.1 MODIFICATION OF OBLIGATIONS. Grantor's liability hereunder shall not be reduced, limited, impaired, discharged or terminated if Secured Party at any time, without notice to or demand of Grantor (unless specifically required by the Transaction Documents):

(a) renews, extends, or otherwise changes the time, place, manner or terms, or otherwise modifies any of the Obligations (including any payment terms);

(b) extends or waives the time for Grantor's performance of, or compliance with, any term, covenant or agreement on its part to be performed or observed under the Transaction Documents, or waives such performance or compliance or consents to a failure of, or departure from, such performance or compliance;

(c) settles, compromises, releases or discharges, or accepts or refuses any offer of performance with respect to, or substitutions for, any of the Obligations or any agreement relating thereto and/or subordinates the payment of the same to the payment of any other obligations;

(d) requests and accepts other guaranties of any of the Obligations and takes and holds security for the payment hereof or any of the Obligations;

(e) releases, surrenders, exchanges, substitutes, compromises, settles, rescinds, waives, alters, subordinates or modifies, with or without consideration, any security for payment of any of the Obligations, any other guaranties of any of the Obligations, or any other obligation of any third party with respect to any of the Obligations;

(f) to the extent permitted by law, enforces and applies any security, if any, now or hereafter held by or for the benefit of Secured Party in respect hereof or any of the Obligations and directs the order or manner of sale thereof, or exercises any other right or remedy that Secured Party may have against any such security, in each case as Secured Party in its discretion may determine, including foreclosure on any collateral pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable; or

(g) exercises any other rights available to it under any of the Transaction Documents, at law or in equity.

6.2 SECURITY INTERESTS ABSOLUTE. All rights of the Secured Party and the security interests hereunder, and all obligations of Grantor hereunder, shall be absolute and unconditional irrespective of:

(a) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under any of the Transaction Documents, at law, in equity or otherwise) with respect to any of the Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of any of the Obligations;

(b) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, in any other Transaction Documents or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for any of the Obligations, in each case, whether or not in accordance with the terms hereof or any other Transaction Documents or any agreement relating to such other guaranty or security;

(c) the application of payments received from any source to the payment of indebtedness of Grantor to Secured Party other than the Obligations, even though Secured Party might have elected to apply such payment to any part or all of the Obligations;

(d) Secured Party's consent to the change, reorganization or termination of the corporate structure or existence of Grantor and to any corresponding restructuring of any of the Obligations;

(e) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of Grantor as an obligor in respect of any of the Obligations;

(f) any Obligations or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect

(g) whether Secured Party makes, or does not or fails to make, any additional loan to Grantor subsequent to the date hereof.

6.3 CERTAIN WAIVERS. Grantor hereby waives any and all defenses afforded to a surety, including promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement and any requirement that Secured Party protect, secure, perfect or insure any security interest or lien, or any property subject thereto, or exhaust any right or take any action against Grantor or any other third party or entity or any collateral securing any of the Obligations, as the case may be.

6.4 POSTPONEMENT OF SUBROGATION. Grantor agrees that it will not exercise any rights which it may acquire by way of rights of subrogation under this Agreement, by any payment made hereunder or otherwise, while this Agreement is in effect, unless such action is required to stay or prevent the running of any applicable statute of limitations. Any amount paid to Grantor on account of any such subrogation rights prior to such time shall be held in trust for Secured Party and shall immediately be paid to Secured Party and credited and applied against the Obligations. Any time after this Agreement has terminated and if Grantor has made payment to Secured Party of all of the Obligations, or if an action is required to stay or prevent the running of any applicable statute of limitations, then, at Grantor' request, Secured Party will execute and deliver to Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to Grantor of an interest in the Obligations resulting from such payment by Grantor.

ARTICLE 5.

MISCELLANEOUS

7.1 NOTICES. Any communications, including notices and instructions, between the parties hereto or notices provided herein to be given may be given to the following addresses:

(a) if to Grantor, at:

SLY, LLC.
9060 Activity Road, Suite E
San Diego CA 92126
Attention: President
Fax: _____

(b) if to the Secured Party, to:

AIC (Asia) Services Co., Ltd.
Suite 1005 & 1001-2, Albion Plaza, 2 – 6 Granville Road,
TST Kowloon, Hong Kong, SAR
Attention: President
Fax: _____

All notices or other communications required or permitted to be given hereunder shall be made in writing and shall be considered given (a) when made if made by hand delivery, (b) one business day after being deposited with an overnight courier for next day delivery if made by a courier guaranteeing overnight delivery, and (c) upon confirmation if made by telecopier. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by giving of notice to the other parties in the manner set forth hereinabove.

7.2 DELAY AND WAIVER; REMEDIES CUMULATIVE. No failure or delay by Secured Party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Any waiver, permit, consent or approval of any kind or character on the part of Secured Party of any breach or default under the Agreement or any waiver on the part of Secured Party of any provision or condition of this Agreement must be in writing and shall be effective only to the extent in such writing specifically set forth. No right, power or remedy herein conferred upon or reserved to Secured Party hereunder is intended to be exclusive of any other right, power or remedy, and every such right, power and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy. Resort to any or all security now or hereafter held by Secured Party may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both.

7.3 ENTIRE AGREEMENT. This Agreement and any agreement, document or instrument referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect of the subject matter hereof.

7.4 CHOICE OF LAW. GOVERNING LAW; ARBITRATION. This Agreement shall be governed by and construed under the laws of the State of New Jersey, without reference to its conflict of laws or choice of law principles. The Parties hereby submit to the jurisdiction of the Federal and state courts of the State of New Jersey. Each of the parties hereto irrevocably consents to the service of process out of any of the aforementioned courts in any manner permitted by law. Nothing herein shall affect the right of Secured Party to bring legal action or proceedings in any other competent jurisdiction. Each party hereto hereby waives any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing courts on the basis of *forum non-conveniens*. Notwithstanding the preceding, the parties hereto agree as follows: Any and all disputes or claims controversies or claims arising out of or relating to this Agreement, including, without limitation, any question regarding its existence, interpretation, validity, or breach or termination or the subject matter hereof and the enforcement of any provisions herein shall be referred to and finally resolved by confidential and binding arbitration under the Rules of Arbitration ("Rules") of the International Chamber of Commerce by a single arbitrator appointed in accordance with the said Rules and such proceedings shall be conducted in the English language.. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. There will be no appeal from the decision of such arbitrator on questions of fact, law, or mixed fact and law. The prevailing party in such proceeding, as determined by the arbitrator, shall be awarded its reasonable attorneys fees and costs incurred by such prevailing party with respect to such proceeding. Such arbitrator shall be empowered to award equitable relief.

7.5 SEVERABILITY. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7.6 HEADINGS. Paragraph headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

7.7 WAIVER OF JURY TRIAL AS TO CONSULTING AGREEMENT AND AS TO THIS AGREEMENT. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR BASED ON THE CONSULTING AGREEMENT, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR THE CONSULTING AGREEMENT OR ANY COURSE OR CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF SECURED PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR SECURED PARTY TO ENTER INTO THE CONSULTING AGREEMENT.

7.8 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.9 COUNTERPARTS. This Agreement may be executed in one or more duplicate counterparts and by facsimile transmission and when signed by all of the parties listed below, shall constitute a single binding agreement. Delivery of an executed signature page of this Agreement by facsimile transmission shall be as effective as delivery of a manually executed counterpart thereof.

7.10 BENEFIT OF AGREEMENT. Nothing in this Agreement, express or implied, shall give or be construed to give, any person other than the parties hereto and their respective successors, transferees and assigns any legal or equitable right, remedy or claim under this Agreement, or under any covenants and provisions of this Agreement, each such covenant and provision being for the sole benefit of the parties hereto and their respective successors, transferees and assigns.

7.11 AMENDMENTS AND WAIVERS. No amendment, modification, termination or waiver of any provision of this Agreement or consent to any departure therefrom shall be effective unless the same shall be in writing and signed by each of the parties hereto. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

7.12 SURVIVAL OF AGREEMENTS. The provisions regarding the payment of expenses and indemnification obligations shall survive and remain in full force and effect until terminated pursuant to Section 7.13 (unless reinstated pursuant to section 7.14).

7.13 RELEASE AND SATISFACTION. Upon the indefeasible payment (whether in cash and/or other consideration which is satisfactory to Secured Party in its sole discretion) and performance in full of the Obligations, (i) this Agreement and the security interests created hereby shall terminate and Secured Party will return the Collateral, including all documentation evidencing or affecting the Collateral, and (ii) upon written request of Grantor, Secured Party shall execute and deliver to Grantor, at Grantor' expense and without representation or warranty by or recourse to Secured Party, releases and satisfactions of all financing statements, mortgages, notices of assignment and other registrations of security.

7.14 REINSTATEMENT. This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time any payment pursuant to this Agreement is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, reorganization, liquidation of Grantor or upon the dissolution of, or appointment of any intervenor or conservator of, or trustee or similar official for, Grantor or any substantial part of Grantor' assets, or otherwise, all as though such payments had not been made.

7.15 LIMITATION ON DUTY OF SECURED PARTY WITH RESPECT TO THE COLLATERAL. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty on Secured Party or any of its designated agents to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for monies actually received by it hereunder, Secured Party shall have no duty with respect to any Collateral and no implied duties or obligations shall be read into this Agreement against Secured Party. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment that is substantially equivalent to that which Secured Party accords its own property, it being expressly agreed, to the maximum extent permitted by applicable law, that Secured Party shall have no responsibility for (a) taking any necessary steps to preserve rights against any parties with respect to any Collateral or (b) taking any action to protect against any diminution in value of the Collateral, but, in each case, Secured Party may do so and all expenses reasonably incurred in connection therewith shall be part of the Obligations.

7.16 JOINT AND SEVERAL LIABILITY OF DEBTOR. The obligations of the Grantor (and of any successor to the Grantor) to Secured Party under this Agreement shall be joint and several.

[Signature Page Follows]

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

Secured Party:

AIC (Asia) Services Co., Ltd.

By: [Signature]
Name: Robert Notenboom
Its: Director

Grantor:

SLY, LLC

By: [Signature]
Name: Joseph Colonese, Jr.
Title: President

By: _____
Name: _____
Title: Secretary

EXHIBIT A
DESCRIPTION OF COLLATERAL

All assets of SLY, LLC, a California limited liability company, referred to herein as the "Company", including, without limitation, the following:

Inventory: All inventory of Company as that term is defined in the Uniform Commercial Code, whether now owned or hereafter acquired or in which Company obtains rights, whether consisting of whole goods, spare parts or components, supplies or materials whether acquired, held or furnished for sale, for lease, for participation, revenue-sharing or other similar arrangements, or under contracts or for manufacture or processing, and wherever located;

Equipment: All equipment of Company, whether now owned or hereafter acquired, including all present and future machinery, vehicles, furniture, fixtures, office and recordkeeping equipment, parts, tools, supplies and all other goods (except inventory) used or bought for use by Company for any business or enterprise and including specifically (without limitation) all accessions thereto, all substitutions and replacements thereof, and all like or similar property now owned or hereafter acquired by Company, and all of which is owned by Company, and all deposits made on any such equipment;

Deposit Accounts and Other Cash: All deposits and deposit accounts with any bank, savings and loan association, credit union or like organization, and all funds and amounts therein, and whether or not held in trust, or in custody or safekeeping, or otherwise restricted or designated for a particular purpose, and all other cash or marketable securities on hand, whether held in-vault or otherwise;

Accounts: Each and every right of Company to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property, out of a rendering of services, or of a loan, out of the overpayment of taxes or other liabilities, or any other transaction or event, whether such right to payment is created, generated or earned by Company or by some other person who subsequently transfers his, her or its interest to Company, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and other security interests) which Company may at any time have by law or agreement against any account debtor or other person obligated to make such payment or against any property of such account debtor or other persons including, but not limited to, all present and future accounts, contract rights, chattel paper, bonds, notes and other debt instruments, and rights to payment in the nature of general intangibles;

General Intangibles: All general intangibles of Company whether now owned or hereafter acquired, including (without limitation):

(a) all patents and patent applications, domestic or foreign, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses, all rights to sue for past, present or future infringement thereof, all rights arising therefrom and pertaining thereto and all reissues, divisions, continuations, renewals, extensions and continuations thereof;

(b) all state (including common law), federal and foreign trademarks, service marks and trade names, URLs and domain names, and applications for registration of such trademarks, service marks and trade names, URLs and domain names, all licenses relating to any of the foregoing and all income and royalties with respect to any licenses (including, without limitation, such marks, names and applications as described in *Exhibit B* to the Security Agreement), whether registered or unregistered and wherever registered, all rights to sue for past, present or future infringement or unconsented use thereof, all rights arising therefrom and pertaining thereto and all reissues, extensions and renewals thereof; and

(c) the entire goodwill of or associated with the businesses now or hereafter conducted by Company connected with and symbolized by any of the aforementioned properties and assets; and

(d) all general intangibles (as defined in the UCC), including, without limitation, the items listed on **Schedule I** attached hereto; and

(e) all products and proceeds of any and all of the foregoing.

Investment Property: All Investment Property including, without limitation, all securities, joint venture and other equity interests now owned or hereafter acquired by Company, and any shares of capital stock of any wholly-owned or partially-owned subsidiary of the Company.

All Goods, Instruments and Chattel Paper to the extent not listed above.

The Collateral shall include (i) all substitutes and replacements for and proceeds of any and all of the foregoing property, and in the case of all tangible Collateral, all accessions, accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or use in connection with any such goods and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

Reference to the Uniform Commercial Code or UCC means the Uniform Commercial Code as adapted by the State of New Jersey. All defined terms herein shall be as defined under the UCC.

LIENS

EXHIBIT 3.2

none

**SCHEDULE 1
TO EXHIBIT A
OF SECURITY AGREEMENT
FROM SLY, LLC**

Description of U. S. trademark registrations and pending applications:

Trademark Registrations

<u>No.</u>	<u>Mark</u>	<u>Issue Date</u>
3,446,944	ANNEX	June 10, 2008
3,649,091	DUAL CARBON	June 30, 2009
3,873,721	PROFIT	November 9, 2010
3,602,895	SLY	April 7, 2009

Trademark Applications

<u>No.</u>	<u>Mark</u>	<u>Filing Date</u>
85/413,490	CODE	September 1, 2011
85/304,738	CODE	April 26, 2011