

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS

<b>A NAME &amp; PHONE OF CONTACT AT FILER (optional)</b> <b>William Delaney, Esq. 401-723-1122</b>
<b>B E-MAIL CONTACT AT FILER (optional)</b> <b>WDelaney@Blaislaw.com</b>
<b>C SEND ACKNOWLEDGMENT TO (Name and Address)</b>  <b>Blais Cunningham &amp; Crowe Chester, LLP</b> <b>150 Main Street</b> <b>Pawtucket, RI 02860</b>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1 DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name). If any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a ORGANIZATION'S NAME <b>DAVID TRAN, INC.</b>				
OR	1b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
<b>1000 Chapel View Blvd., #140</b>	<b>Cranston</b>	<b>RI</b>	<b>02920</b>	<b>USA</b>

2 DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name). If any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here ☐ and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a ORGANIZATION'S NAME				
OR	2b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3 SECURED PARTY'S NAME (or NAME of ASSIGNEE or ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a ORGANIZATION'S NAME <b>Cosmo Beauty Group, LLC</b>				
OR	3b INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
<b>1000 Chapel View Blvd., #140</b>	<b>Cranston</b>	<b>RI</b>	<b>02920</b>	<b>USA</b>

4 COLLATERAL: This financing statement covers the following collateral:

**Exhibit A is attached.**

5 Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a trust (see UCC1Ad item 7 and instructions); <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmuting Utility	6b Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7 ALTERNATIVE DESIGNATION (if applicable) <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licenser	
8 OPTIONAL FILER REFERENCE DATA:	

*DU*  
1/14/2020  
2:37P

# EXHIBIT *A*

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is dated January 14, 2020, and is entered into by and among DAVID TRAN INC., a Rhode Island corporation (the "Debtor") and Cosmo BEAUTY GROUP, LLC, a Rhode Island Limited Liability Company (the "Secured Party"), with an address of 1000 Chapel View Blvd., #140, Cranston, Rhode Island (the "Premises").

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

### I. DEFINITIONS

1.1. "Code" shall mean the Uniform Commercial Code as the same may be in effect from time to time in the State of Rhode Island.

1.2. "Collateral" shall have the meaning assigned to it in Section 2.1 of this Agreement.

1.3. "Debtor's Address" shall mean the Premises.

1.4. "Documents" shall mean "documents" within the meaning of Section 9-102 of the Code.

1.5. "Equipment" shall mean "equipment" within the meaning of Section 9-102 of the Code.

1.6. "Event of Default" shall mean an Event of Default set forth in Section 7.1 hereof.

1.7. "General Intangibles" shall mean "general intangibles" within the meaning of Section 9-102 of the Code to the extent they arise from the sale of goods or services or are used in connection with the production of Inventory, all tax refunds and other claims of the Debtor against any Governmental Authority, and all choses in action, insurance proceeds, goodwill, patents, copyrights, trademarks, trade names, customer lists, formulae, trade secrets, licenses, designs, computer software, research and literary rights now owned or hereafter acquired.

1.8. "**Governmental Authority**" shall mean any instrumentality exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

1.9. "**Inventory**" shall mean "inventory" within the meaning of Section 9-102 of the Code.

1.10. "**Lien**" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

1.11. "**Obligations**" means all indebtedness, obligations and liabilities of the Debtor to the Secured Party as evidenced by that certain promissory note executed by the Debtor in favor of the Secured Party of even date hereof or any other document or instrument delivered in connection herewith.

1.12. "**Permitted Liens**" means:

(a) Liens securing the payment of taxes, either not yet due or the validity of which is being contested in good faith by appropriate proceedings, and as to which there shall have been set aside on the Debtor's books adequate reserves; and

(b) Liens existing on the date hereof which are described in Exhibit A attached hereto and incorporated herein by reference.

1.13. "**Proceeds**" shall mean "proceeds" within the meaning of Section 9-102 of the Code.

1.14. "**Secured Party's Address**" shall mean 303 Reservoir Avenue, Lincoln, RI.

## **II. GRANT OF SECURITY INTEREST**

2.1. **Collateral and Grant of Security Interest**. As collateral security for the payment and performance of all of the Obligations, the Debtor hereby grants, assigns, conveys, pledges and transfers to the Secured Party, a continuing security interest in all tangible and intangible personal property of the Debtor, including, but not limited to,

the following assets and properties of the Debtor, any and all renewals, substitutions therefor and replacements thereof, and any and all additions and accessions thereto whether now owned or hereafter acquired or in which the Debtor may now have or hereafter acquire an interest, wherever located (all of which are hereinafter collectively referred to as the "Collateral"):

- (a) All General Intangibles now existing or arising in the future, whether in the ordinary course of the Debtor's business, in respect of the sale of Inventory, or otherwise (including without limitation, (i) all goodwill of the Debtor;
- (b) All Machinery now existing or arising in the future, whether in the ordinary course of the Debtor's business;
- (c) All Equipment now existing or arising in the future, whether in the ordinary course of the Debtor's business;
- (d) All Accounts now existing or arising in the future, whether in the ordinary course of the Debtor's business;
- (e) All Inventory now existing or arising in the future, whether in the ordinary course of the Debtor's business;
- (f) All Proceeds of the foregoing; and
- (g) All ledger sheets, files, records, documents and instruments (including, without limitation, computer programs, tapes and related data processing software) evidencing an interest in or relating to the foregoing Collateral.

**2.2. Possession of the Collateral.** Until the occurrence of an Event of Default, the Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon.

### **III. REPRESENTATIONS AND WARRANTIES**

The Debtor represents and warrants to the Secured Party, and such representations and warranties shall be continuing representations and warranties so long as any Obligations shall remain outstanding, as follows:

**3.1. Title to Collateral.** Except for the security interest granted hereby and the Permitted Liens, the Debtor has good and marketable title to the Collateral free from

any adverse lien, security interest or encumbrance; and the Debtor will defend the Collateral against all claims and demands of all persons claiming the same or any interest therein.

**3.2. Accuracy of Statements.** All warranties, representations, statements and other information furnished to the Secured Party by or in behalf of the Debtor are or will be when the same are made or furnished, accurate and complete in all material respects.

**3.3. Financing Statements.** Except for the Permitted Liens, no financing statement covering any of the Collateral or any proceeds thereof is on file in any public office; and, at the request of the Secured Party, the Debtor will join with the Secured Party in executing one or more financing statements pursuant to the Code in form satisfactory to the Secured Party and will pay the cost of filing the same in all public offices wherever filing is deemed by the Secured Party to be necessary or desirable.

**3.4. Tax Returns.** The Debtor has filed all federal, state and local tax returns and other reports it is required to file and has paid or made adequate provision for payment of all such taxes, assessments and other governmental charges.

**3.5. Legally Enforceable Agreement.** This Agreement and any document or instrument delivered in connection herewith and the transactions contemplated hereby or thereby have been duly authorized, executed and delivered; and this Agreement and such other documents and instruments constitute valid and legally binding obligations of the Debtor and are enforceable against the Debtor in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and except as certain remedies thereunder may be subject to equitable principles.

#### **IV. GENERAL COVENANTS**

The Debtor hereby covenants and agrees that so long as any of the Obligations remain outstanding:

**4.1. Taxes and Assessments.** The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies), except that no such charge need be paid if:

(a) the validity thereof is being contested in good faith by appropriate proceedings;

(b) such proceedings do not permit any sale, forfeiture or loss of any of the Collateral or any interest therein; and

(c) such charge is adequately reserved against in accordance with generally accepted accounting principles consistently applied.

**4.2. Defense of Collateral.** The Debtor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien, claim or right, on or to the Collateral, other than the Lien created hereunder and the Permitted Liens, and will defend the right, title and interest of the Secured Party in and to any of the Collateral against the Liens, claims and demands of all other parties.

**4.3. Access.** The Secured Party shall at all times have complete access during normal business hours to all of the books, correspondence and records of the Debtor relating to the Collateral; and, the Secured Party or its representatives may examine the same, take extracts therefrom and make photocopies thereof, and the Debtor agrees to render to the Secured Party, at the Debtor's cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto.

**4.4. Notice of Loss or Default.** The Debtor will immediately notify the Secured Party of any event causing a substantial loss or diminution in the value of all or any material part of the Collateral and the amount or an estimate of the amount of such loss or diminution. The Debtor shall promptly notify the Secured Party of any condition or event which constitutes, or would constitute with the passage of time or giving of notice or both, an Event of Default under this Agreement, and promptly inform the Secured Party of any events or changes in the financial condition of the Debtor occurring since the date of the last financial statement of the Debtor delivered to the Secured Party, which individually or cumulatively when viewed in light of prior financial statements, may result in a material adverse change in the financial condition of the Debtor.

**4.5. Additional Instruments.** At any time and from time to time upon request of the Secured Party, the Debtor shall execute and deliver to the Secured Party, in form and substance satisfactory to the Secured Party, such documents and chattel paper as the Secured Party shall deem necessary or desirable to perfect or maintain perfected the security interest of the Secured Party in the Collateral or which may be necessary to comply with the provisions of the law of the State of Rhode Island or the law of any other jurisdiction in which the Debtor may then be conducting business or in which any of the Collateral may be located.

**V. SECURED PARTY'S APPOINTMENT AS  
ATTORNEY-IN-FACT**

**5.1. Appointment and Powers.** The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name and stead of the Debtor or in its own name, from time to time in the Secured Party's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives the Secured Party the power and right, in behalf of the Debtor, after an Event of Default and notice to the Debtor, to do the following:

- (a) To pay or discharge taxes, Liens, security interests or other encumbrances levied or placed on or threatened against the Collateral;
- (b) To obtain any insurance required pursuant to this Agreement and to pay all or any part of the premiums therefor;
- (c) To receive payment of and receipt for any and all monies, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral;
- (d) To commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;
- (e) To defend any suit, action or proceeding brought against the Debtor with respect to any Collateral;
- (f) To settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Secured Party may deem appropriate;
- (g) Generally, to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party was the absolute owner thereof for all purposes including, without limitation, the execution of assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(h) To do, at the Secured Party's option and at the Debtor's expense, at any time or from time to time, all acts or things which the Secured Party deems necessary to protect, preserve or realize upon the Collateral and the security interest granted by this Agreement, all as fully and effectively as the Debtor might do.

**5.2. Irrevocable Power of Attorney.** The power of attorney granted under Section 5.1 hereof is a power coupled with an interest and shall be irrevocable until all Obligations are paid and performed in full.

**5.3. The Secured Party's Lack of Duty.** The Debtor agrees that the powers conferred on the Secured Party hereunder are solely to protect the Secured Party's interests in the Collateral and shall not impose any duty upon it to exercise any such powers.

## **VI. EVENTS OF DEFAULT AND ACCELERATION**

**6.1. Events of Default.** The occurrence of any Event of Default as defined any of the documents executed in connection with this Agreement as well as any breach of this Agreement, shall constitute an Event of Default hereunder.

**6.2. Acceleration.** If any Event of Default shall occur, then or at any time thereafter while such Event of Default shall continue, the Secured Party may declare all Obligations to be immediately due and payable, without notice, protest, presentment or demand, all of which are hereby expressly waived by the Debtor.

## **VII. REMEDIES**

**7.1. In General.** If an Event of Default shall occur and be continuing:

7.1.1. All payments received by the Debtor under or in connection with any of the Collateral shall be held by the Debtor in trust for the Secured Party, shall be segregated from other funds of the Debtor, and shall forthwith, upon receipt by the Debtor, be turned over to the Secured Party in the same form received by the Debtor (duly endorsed by the Debtor to the Secured Party, if required).

7.1.2. Any and all such payments so received by the Secured Party (whether from the Debtor or otherwise) may, in the sole discretion of the Secured Party, be held by the Secured Party as collateral security for, and/or then or at any time thereafter, applied in whole or in part by the Secured Party against all or any part of the Obligations, in such order as the Secured Party shall elect. Any balance of such payments held by the Secured Party and remaining after payment in full of all the



Obligations shall be paid over to the Debtor or to whomsoever may be lawfully entitled to receive the same.

**7.2. The Secured Party's Rights and Remedies Upon Acceleration.** The Debtor agrees that if an Event of Default shall occur and be continuing:

7.2.1. The Secured Party may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a Secured Party under the Code or under the applicable law of any other jurisdiction, including, without limitation, any jurisdiction where the Collateral may be located.

7.2.2. Without limiting the generality of the foregoing, the Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Debtor or any other party (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof and/or may forthwith sell, lease, assign, give option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so) or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Secured Party's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk.

7.2.3. The Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption in the Debtor, which right or equity is hereby expressly waived and released.

7.2.4. The Secured Party shall retain the net proceeds of the Collateral arising from any collection, sale, recovery, receipt or appropriation, after the payment of all expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Secured Party hereunder, including reasonable attorneys' fees and legal expenses, for application by it to the payment of the Obligations in such order as the Secured Party shall elect and Debtor shall remain liable for any deficiency remaining unpaid after such application; after applying over such net proceeds as set forth above, after the payment by the Secured Party of any other amount otherwise required to be paid, the Secured Party shall account for the surplus, if any, to the Debtor.

7.2.5. The Secured Party must give at least ten (10) days' notice of the time and place of any public sale or of the time after which a private sale may take place; the Debtor further agrees that such notice is reasonable notification of such matters and that no notification need be given by the Secured Party to the Debtor if the Debtor has executed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition.

7.2.6. The Debtor shall pay to the Secured Party, on demand, any and all expenses, including any reasonable attorneys' fees and legal expenses, incurred or paid by the Secured Party in protecting or enforcing its rights, powers and remedies hereunder or under any other agreement between the parties.

#### **VIII. LIMITATION ON SECURED PARTY'S DUTY WITH RESPECT TO CARE OF COLLATERAL**

The Secured Party shall not have any duty as to any Collateral which is not in its possession or control.

#### **IX. NOTICES**

Any demand or notice required or permitted to be given hereunder shall be deemed effective when deposited in the United States Mail and sent by certified mail, return receipt requested, postage prepaid, addressed to the Secured Party at the Secured Party's Address and to the Debtor at the Debtor's Address or to such other address as may be provided by the party to be notified, on ten (10) days' prior written notice to the other party.

#### **X. GENERAL PROVISIONS**

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

**10.2. No Waiver by the Secured Party; Cumulative Remedies.** The Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing and signed by the Secured Party, and then only to the extent therein set forth. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise

have had on any future occasion. Neither failure to exercise nor any delay in exercising on the part of the Secured Party, of any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law. None of the terms or provisions of this Agreement may be waived, modified, amended or supplemented except by an instrument in writing, duly executed by the Secured Party.

**10.3. Successors and Assigns.** Each reference herein to the Secured Party shall be deemed to include its successors and assigns, and each reference to the Debtor and any pronouns referring thereto as used herein shall be construed in the masculine, feminine, neuter, singular or plural, as the context may require, and shall be deemed to include the legal representatives, successors and assigns of the Debtor, all of whom shall be bound by the provisions hereof. The term "Debtor" as used herein shall, if the Agreement is signed by more than one Debtor, mean, unless this Agreement otherwise provides or unless the context otherwise requires, the "Debtor and each of them" and each and every representation, promise, agreement and undertaking shall be joint and several, except that the granting of the security interest, right of set-off and lien shall be by each of the Debtors in its several respective property. In the event that there is more than one Debtor, any loan which is secured by this Agreement shall be deemed to be made at the request of and for the benefit of each Debtor.

**10.4. Governing Law.** This Agreement is delivered in the State of Rhode Island to the Secured Party and the rights, remedies, duties and obligations of the parties hereto and all provisions hereof shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of Rhode Island.

**10.5. Further Indemnification.** The Debtor agrees to pay, and to save the Secured Party harmless from, any and all liabilities with respect to or resulting from any delay in paying any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

**10.6. Complete Agreement.** This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein and such understanding shall not be modified except in writing signed by or in behalf of the parties hereto.

**10.7. Section Headings.** The section headings herein are included for convenience only and shall not be deemed to be a part of this Agreement.



**EXHIBIT A**

Permitted Liens

**NONE**

...

:

Nguyen security agreement 10.3.19