FORM 8-K

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MARKLAND TECHNOLOGIES INC

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Mailing Address
54 DANBURY ROAD
#207
RIDGEFIELD CT 06877

Business Address
54 DANBURY ROAD
#207
RIDGEFIELD CT 06877
203-894-9700

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) SEPTEMBER 21, 2004

MARKLAND TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

FLORIDA

(State or Other Jurisdiction of Incorporation)

000-28863	84-1331134
(Commission File Number)	(IRS Employer Identification No.)

#207 54 DANBURY ROAD RIDGEFIELD, CT 06877	06877
(Address of Principal Executive Offices)	(Zip Code)

(203) 894-9700

(Registrant's Telephone Number, Including Area Code)

n/a

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

|_| Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

|_| Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

|_| Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

|_| Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This report on Form 8-K contains "forward-looking statements" within

the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position, business and financing plans are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "should," "expect," "anticipate," "project," "designed," "estimate," "plan" and "continue." Although we believe that our expectations in such forward-looking statements are reasonable, we cannot promise that our expectations will turn out to be correct. These forward-looking statements generally relate to plans and objectives for future operations and are based upon reasonable estimates and assumptions regarding future results or trends. These forward-looking statements are subject to certain risks, uncertainties and assumptions relating to Markland Technologies, Inc. ("Markland", the "Company", "we" or "our"). Factors that could cause actual results to differ materially from Markland expectations include the uncertainty regarding Markland's ability to repay existing indebtedness, lack of continuing operations, possible inability of Markland to continue in business and other risks detailed from time to time in Markland's SEC reports. No assurance can be given that investors of Markland will retain any level of value. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the Company's future performance and actual results of operations may vary significantly from those anticipated, projected, believed, expected, intended or implied. The Company undertakes no obligation to update any of the forward-looking statements, which speak only as of the date they were made.

ITEMS 1.01, 2.01 AND 3.02 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT; CREATION OF A DIRECT FINANCIAL OBLIGATION AND UNREGISTERED SALE OF EQUITY SECURITIES

On September 21, 2004, Markland Technologies, Inc. (the "Company" or "we") entered into a Purchase Agreement with DKR Soundshore Oasis Holding Fund, Ltd. and DKR Soundshore Strategic Holding Fund, Ltd. (together the "Investors") pursuant to which we sold warrants to purchase shares of common stock (the "Warrants") and secured convertible promissory notes (the "Convertibles Notes") for the aggregate consideration of $4,000,000. The offer and sale of these securities was made in reliance on Section 4(2) of Securities Act of 1933, as amended. The Investors are stockholders of the Company and "accredited investors" within the meaning of Regulation D. We intend to use the proceeds from this offering for working capital.

The Purchase Agreement contains standard representations, covenants and events of default. Occurrence of an event of default allows the Investors to accelerate the payment of the Convertible Notes and/or exercise other legal remedies, including foreclosing on collateral. A copy of the Purchase Agreement is attached hereto as Exhibit 99.1.

The Warrants entitle the Investors to purchase an aggregate of

5,200,000 shares of our common stock, at any time and from time to time, through September 21, 2009. The Form of Warrant is attached hereto as Exhibit 99.5.

The Convertible Notes are in the aggregate principal amount of five million two hundred thousand dollars ($5,200,000) and accrue interest daily at the rate of eight percent (8%) per year on the then outstanding and unconverted principal balance of the Convertible Notes. Under the terms of the Convertible Notes, we are required to pay $4,000,000 of the outstanding principal and interest by March 15, 2005, and the remaining outstanding balance by September 21, 2005. At anytime, and at the option of the Investors, the outstanding principal and accrued interest of the Convertible Notes may be converted into shares of our common stock. The Form of Convertible Note is attached hereto as Exhibit 99.4.

We have granted a security interest in and a lien on substantially all of our assets to the Investors pursuant to the terms of a Security Agreement, dated September 21, 2004. The Security Agreement is attached hereto as Exhibit 99.2.

In connection with this transaction, and pursuant to the Registration Rights Agreement dated September 21, 2004, we have agreed to prepare and file with the Securities and Exchange Commission a registration statement covering the resale of all of the shares of our common stock issuable upon conversion of the Convertible Notes and the exercise of the Warrants. The Registration Rights Agreement is attached hereto as Exhibit 99.3.

Also in connection with this transaction, we entered into a Lock-Up Agreement dated September 21, 2004, with James, LLC, the holder of 17,627 shares of our Series D Convertible Preferred Stock (the "Series D Shares"), pursuant to which James LLC has agreed not to sell any Series D Shares until the first to occur of (i) notice from the us and the Investors that the transactions contemplated by the Purchase Agreement shall have been terminated in accordance with their terms, or (ii) March 15, 2005. This Lock-Up Agreement is attached hereto as Exhibit 99.6.

In addition, we entered into a lock-up agreement with Robert Tarini, our Chief Executive Officer, and Kenneth Ducey, Jr., our Chief Financial Officer, dated September 21, 2004 (the "Executive Lock-up Agreement"). Pursuant to the Executive Lock-up Agreement, Mr. Tarini and Mr. Ducey have agreed not to sell any securities of the Company until the earlier of (i) notice from us and the Investors that the transactions contemplated by the Purchase Agreement shall have been terminated in accordance with their terms or (ii) sixty days after the effectiveness of the registration statement related to Registration Rights Agreement. The Executive Lock-up Agreement is attached hereto as Exhibit 99.7.

Finally, certain investors waive their rights of first refusal and enter into other agreements in accordance with the terms of Waiver Agreement dated September 21, 2004, and attached hereto as Exhibit 99.8.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Purchase Agreement dated September 21, 2004, between Markland Technologies, Inc. and the Investors named therein.
99.2	Security Agreement dated September 21, 2004, between Markland Technologies, Inc. and the Investors named therein.
99.3	Registration Rights Agreement dated September 21, 2004, between Markland Technologies, Inc. and the Investors named therein.
99.4	Form of Convertible Note
99.5	Form of Warrant
99.6	Lock-up Agreement dated September 21, 2004 between Markland Technologies, Inc. and James, LLC.
99.7	Lock-up Agreement between Markland Technologies, Inc., Kenneth P. Ducey and Robert Tarini dated September 21, 2004.
99.8	Waiver Agreement dated September 21, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MARKLAND TECHNOLOGIES, INC.

Date: September 23, 2004

By: /S/ Kenneth P. Ducey, Jr.

Name: Kenneth P. Ducey, Jr.
Title: President and Chief Financial Officer

EXHIBIT 99.1

PURCHASE AGREEMENT

This Purchase Agreement (this "AGREEMENT") is dated as of September 21, 2004, among MARKLAND TECHNOLOGIES, INC., a Florida corporation (the "Company"), and the investors identified on the signature pages hereto (each an "INVESTOR" and, collectively, the "INVESTORS").

WHEREAS, subject to the terms and conditions set forth in this Agreement the Company desires to sell certain securities to each of the Investors and each Investor, severally and not jointly, desires to purchase from the Company certain securities of the Company, as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Investors agree as follows:

ARTICLE I.
DEFINITIONS

1.1 DEFINITIONS. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

"ACTION" means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation pending or threatened in writing against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), stock market, stock exchange or trading facility.

"ADDITIONAL CLOSING" means the closing of the purchase and sale of the Additional Notes pursuant to Section 2.3.

"ADDITIONAL CLOSING DATE" means the Business Day immediately following the date on which the conditions set forth in Section 2.3(b) are satisfied by the Company.

"ADDITIONAL NOTES" means the convertible notes issuable to the Investors at the Additional Closing.

"AFFILIATE" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule

"BANKRUPTCY EVENT" means any of the following events: (a) the Company or any Subsidiary commences a proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Subsidiary thereof; (b) there is commenced against the Company or any Subsidiary any such case or proceeding that is not dismissed within 75 days after commencement; (c) the Company or any Subsidiary is adjudicated by a court of competent jurisdiction insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company or any Subsidiary suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 75 days; (e) under applicable law the Company or any Subsidiary makes a general assignment for the benefit of creditors; (f) the Company or any Subsidiary fails to pay, or states that it is unable to pay or is unable to pay, its debts generally as they become due; or (g) the Company or any Subsidiary, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"BENEFIT ARRANGEMENT" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or Multiemployer Plan and which is maintained or otherwise contributed by the Company.

"BENEFIT PLAN" has the meaning set forth in Section 3.1(bb)(ii).

"BUSINESS DAY" means any day except Saturday, Sunday and any day that is a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"CLOSING" means the closing of the purchase and sale of the Securities pursuant to Article II.

"CLOSING DATE" means the Business Day immediately following the date on which all of the conditions set forth in Sections 5.1 and 5.2 hereof are satisfied, or such other date as the parties may agree.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMISSION" means the Securities and Exchange Commission.

"COMMON STOCK" means the common stock of the Company, par value $.0001 per share, and any securities into which such common stock may hereafter be reclassified.

"COMMON STOCK EQUIVALENTS" means any securities of the Company or any Subsidiary which entitle the holder thereof to acquire Common Stock at any time, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock or other securities that entitle the holder to receive, directly or indirectly, Common Stock.

"COMPANY COUNSEL" means Foley Hoag LLP.

"COMPANY DELIVERABLES" has the meaning set forth in Section 2.2(a).

"CONTINGENT LIABILITY" means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or obligation of any other Person in any manner, whether directly or indirectly, including without limitation any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or to purchase

(or to advance or supply funds for the purchase of) any security for the payment of such Debt, (b) to purchase property or services for the purpose of assuring the owner of such Debt of its payment, or (c) to maintain the solvency, working capital, equity, cash flow, fixed charge or other coverage ratio, or any other financial condition of the primary obligor so as to enable the primary obligor to pay any Debt or to comply with any agreement relating to any Debt or obligation.

"DEBT" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes, or other similar instruments issued by such Person, (iii) all obligations of such Person as lessee which (y) are capitalized in accordance with GAAP or (z) arise pursuant to sale-leaseback transactions, (iv) all reimbursement obligations of such Person in respect of letters of credit or other similar instruments, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person and (vi) all Debt of others guaranteed by such Person.

"DISCLOSURE MATERIALS" has the meaning set forth in Section 3.1(h).

"EFFECTIVE DATE" means the date that the Registration Statement required by Section 2(a) of the Registration Rights Agreement is first declared effective by the Commission.

"EQUITY INTEREST" means (i) shares of corporate stock,

partnership interests, membership interests and any other interest that confers on a Person the right to receive a share of the profits and losses of, or a distribution of the assets of, the issuing Person and (ii) all warrants, options or other rights to acquire any Equity Interest set forth in clause (i) of this defined term.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA GROUP" means the Company and each Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or any Subsidiary, are treated as a single employer under the Code.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FIRST REGISTRATION STATEMENT" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Investors of the Underlying Shares and Warrant Shares issuable upon exercise of the First Warrants.

"FIRST WARRANTS" means the Common Stock purchase warrant in the form of EXHIBIT C which is issuable to each Investor at the Closing.

"GAAP" means U.S. generally accepted accounting principles.

"INITIAL NOTES" means the convertible promissory notes issuable by the Company to the Investors pursuant to terms hereof, in the Form of EXHIBIT A, due on the one year anniversary of the Closing Date which, among other things, give the Holders thereof the right to acquire shares of Common Stock on the terms thereof.

"INTELLECTUAL PROPERTY RIGHTS" has the meaning set forth in Section 3.1(p).

"INVESTMENT AMOUNT" means, with respect to each Investor, the investment amount indicated below such Investor's signature page to this Agreement.

"INVESTOR DELIVERABLES" has the meaning set forth in Section 2.2(b).

"INVESTOR PARTY" has the meaning set forth in Section 4.11.

"LIEN" means any lien, charge, encumbrance, security interest, right of first refusal or other restrictions of any kind.

"LOCKUP AGREEMENT" has the meaning set forth in Section 2.2(a)(ix).

"LOSSES" has the meaning set forth in Section 4.11.

"MATERIAL ADVERSE EFFECT" means any of (i) a material and adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, prospects, business or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) an adverse impairment to the Company's ability to perform on a timely basis its obligations under any Transaction Document.

"NEW YORK COURTS" means the state and federal courts sitting in the City of New York, Borough of Manhattan.

"NOTES" means collectively the Initial Notes and the Additional Notes.

"OASIS" has the meaning set forth in Section 7.1.

"OUTSIDE DATE" means October 8, 2004.

"PBGC" means the Pension Benefit Guarantee Corporation or any entity succeeding to any or all of its functions under ERISA.

"PERMITTED INDEBTEDNESS" has the meaning set forth in Section 6.3.

"PERMITTED LIENS" means:

"PERMITTED LIENS" means the following:

(i) Any Liens existing on the date hereof and specifically disclosed in SCHEDULE A to this Agreement;

(ii) Liens in favor of the Secured Parties (as defined in the Security Agreement) pursuant to the Transactions Documents;

(iii) Liens securing Permitted Indebtedness;

(iv) liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings and for which the applicable Grantor (as defined in the Security Agreement) maintains adequate reserves;

(v) Liens to secure payment of workers' compensation, employment insurance, old age pensions, social security or other like obligations incurred in the ordinary course of business;

(vi) Liens incurred in connection with the extension, renewal or refinancing of indebtedness secured by Liens of the type described in clause (i) above, provided that any extension, renewal or replacement Lien shall be limited to the property (together with any accessions thereto and proceeds thereof) encumbered by any such Lien;

(vii) carriers', warehousemen's, mechanic's, materialmen's, repairmen's or other like liens arising in the ordinary course of business and securing obligations that are not due and payable or which are being contested in good faith for which adequate reserves have been established;

(viii) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations; and

(ix) easements, rights-of-way, restrictions and other similar encumbrances on the use of real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company and the Subsidiaries.

"PERSON" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"PLAN" means at any time an employee pension plan benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under the Code and either (i) is maintained, or contributed to, by any member of the ERISA group for employees of any member of the ERISA group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA group.

"PROCEEDING" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"PURCHASE MONEY FINANCING" has the meaning set forth in Section 6.3.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of the date of this Agreement, among the Company and the Investors, in the form of EXHIBIT B hereto.

"REGISTRATION STATEMENT" means either the First Registration Statement or the Second Registration Statement, as the context may require.

"REQUIRED INVESTORS" means one or more Investors representing greater than 50% of the aggregate principal amount of all Notes then outstanding.

"REQUIRED MINIMUM" means, as of any date, the lesser of 30,000,000 shares of Common Stock and a number of shares equal to 150% of the aggregate of the Underlying Shares and the Warrant Shares, calculated as of such date.

"RESTRICTED PAYMENT" means, with respect to any Person, (a) payments made in redemption of the securities of, such Person and (b) any management, consulting or other similar fees, or any interest thereon, payable by such Person to any affiliate of such Person (other than the Company), or to any other Person other than an unrelated third party; other than pursuant to agreements in existence on the date hereof; PROVIDED, however, that Restricted Payments shall not include any management, consulting or other similar fees, or any interest thereon, payable pursuant to consulting agreements with consultants of the Company entered into after the date hereof which are approved by the Board of Directors of the Company.

"RULE 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SECOND REGISTRATION STATEMENT" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Investors of the Underlying Shares issuable upon conversion of the Additional Notes and the Warrant Shares issuable upon exercise of the Second Warrants.

"SECOND WARRANTS" means the Common Stock purchase warrant in the form of EXHIBIT C which is issuable to each Investor at the Additional Closing.

"SEC REPORTS" has the meaning set forth in Section 3.1(h).

"SECURITIES" means the Notes, the Underlying Shares issuable under the Notes, the Warrants and the Warrant Shares.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SECURITY AGREEMENT" has the meaning set forth in Section 2.2(a).

"SERIES D HOLDER" has the meaning set forth in Section 4.17.

"SERIES D LOCKUP AGREEMENT" has the meaning set forth in Section 2.2(a)(viii).

"SUBSEQUENT PLACEMENT" has the meaning set forth in the Section 4.3.

"SUBSEQUENT PLACEMENT NOTICE" has the meaning set forth in the Section 4.3.

"SUBSIDIARY" means any subsidiary of the Company included in the SEC Reports.

"TRADING DAY" means (i) a day on which the Common Stock is traded on a Trading Market (other than the OTC Bulletin Board), or (ii) if the Common Stock is not listed on a Trading Market (other than the OTC Bulletin Board), a day on which the Common Stock is traded in the over-the-counter market, as reported by the OTC Bulletin Board, (iii) if the Common Stock is not quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices), or (iv) in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, a Business Day.

"TRADING MARKET" means whichever of the New York Stock Exchange, the American Stock Exchange, the NASDAQ National Market, the NASDAQ SmallCap Market or OTC Bulletin Board on which the Common Stock is listed or quoted for trading on the date in question.

"TRANSACTION DOCUMENTS" means this Agreement, the Notes, the Registration Rights Agreement, the Warrants, the Security Agreement, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"UNDERLYING SHARES" means the shares of Common Stock issuable upon conversion of the Notes.

"WARRANTS" means, collectively, the First Warrants and the Second Warrants.

"WARRANT SHARES" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 CLOSING. Subject to the terms and conditions set forth in this Agreement, at the Closing the Company shall issue and sell to each Investor, and each Investor shall, severally and not jointly, purchase from the Company, the Notes and the Warrants representing such Investor's Investment Amount. The Closing shall take place at the offices of Bryan Cave LLP, counsel for Oasis, 1290 Avenue of the Americas, New York, NY 10104 on the Closing Date or at such other location or time as the parties may agree.

2.2 CLOSING DELIVERIES. (a) At the Closing, the Company shall deliver or cause to be delivered to each Investor the following (the "COMPANY DELIVERABLES"):

(i) a Note in the aggregate principal amount of the Investment Amount indicated below such Investor's name on its signature page of this Agreement, registered in the name of such Investor;

(ii) a Warrant, registered in the name of such Investor, pursuant to which such Investor shall have the right to acquire the number of shares of Common Stock equal to 100% of the Underlying Shares issuable upon an assumed conversion, as of the date of the Closing, of the Note issuable to such Investor in accordance with Section 2.2(a)(i);

(iii) the legal opinion of Company Counsel, in agreed form, addressed to the Investors;

(iv) the Registration Rights Agreement, duly executed by the Company;

(v) a security agreement, duly executed by the Company, E-OIR Technologies, Inc. and Science and Technology Research, Inc., in the form attached hereto as EXHIBIT D (as amended, supplemented or otherwise modified from time to time, the "SECURITY AGREEMENT");

(vi) appropriate lien and record search reports showing that there are no liens on the collateral security granted under the Security Agreement, other than Liens expressly permitted thereby;

(vii) a lockup agreement, in the form of EXHIBIT E, executed by the Company and James LLC (the "SERIES D LOCKUP AGREEMENT");

(viii) a lockup agreement, in the form of EXHIBIT F, executed by the Company, Kenneth Ducey Jr. and Robert Tarini (the "LOCKUP AGREEMENT"); and

(ix) any other documents reasonably requested by such Investor.

(b) At the Closing, each Investor shall deliver or cause to be

delivered to the Company the following (the "INVESTOR DELIVERABLES"):

(i) its Investment Amount indicated below such Investor's name on the signature page of this Agreement, in United States dollars and in immediately available funds, by wire transfer to an account designated in writing by the Company for such purpose;

(ii) the Registration Rights Agreement, duly executed by such Investor;

(iii) the Security Agreement, duly executed by such Investor;

2.3 ADDITIONAL CLOSING. (a) Subject to the conditions set forth in Section 2.3(b), the Company may require the Investor to purchase $1,000,000 of Additional Notes on the Additional Closing Date. The Company shall indicate its intent to sell the Additional Notes by delivery to the Investor of a written notice which may be delivered between March 15, 2005 and March 30, 2005, provided, that the Company may only deliver such written notice if, on the date of such delivery and on the closing date of such transaction, it is in compliance in all material respects with the terms and conditions of the Transaction Documents, no Event of Default shall exist under the Initial Notes, there is an effective Registration Statement covering the Underlying Shares and the Warrant Shares and the Company's Common Stock shall be have a closing sales price on its Trading Market of at least $0.40 per share for the ten (10) consecutive Trading Days immediately preceding the delivery of the written notice. Notwithstanding the foregoing, with the consent of the Investor, the Company may extend the period by which it may offer the Additional Notes to the Investor. The Company may only exercise the right to elect to require the purchase of Additional Notes on a single occasion, and there may not be more than a single Additional Closing. If the Company shall have timely delivered such notice, then subject to the satisfaction of the conditions set forth in Section 2.3(b), on the Additional Closing Date, the Company shall issue to the Investor the Additional Notes and Second Warrants for an aggregate purchase price equal to one million dollars ($1,000,000) (the "ADDITIONAL PURCHASE Price"). At the Additional Closing, the Company will deliver to the Purchaser: (1) the Additional Notes, in exactly the same form as the Initial Notes, except that the maturity date shall be one year from the Additional Closing Date, registered in the name of the Investor, in the aggregate principal amount of $1,300,000 (as indicated in the Company's notice to elect the sale and issuance of the Additional Notes), (2) the Second Warrants (equal to 100% of the number of shares into which the Additional Notes may be converted) and (3) a bring-down of the legal opinion of Company Counsel delivered on the Closing Date, addressed to the Investor. The Investor will, against delivery of its Additional Notes deliver to the Company, the Additional Purchase Price, in United States dollars in immediately available funds by wire transfer to an account designated in writing by the Company for such purpose. The Additional Closing shall be take place no later than 5 Business Days following the date such notice is delivered or the Investor may reject the Company's request to purchase the Additional

Notes.

(b) CONDITIONS PRECEDENT TO THE PURCHASE OF ADDITIONAL NOTES. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Investor to purchase the Additional Notes at the Additional Closing is subject to the satisfaction of each of the following conditions:

(i) ACCURACY OF THE COMPANY'S REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained in this Agreement shall be true and correct as of the date when made and as of the Additional Closing Date, as though made on and as of the Additional Closing Date (other than representations and warranties which relate to a specific date (which shall not include representations and warranties relating to the "date hereof") which representations and warranties shall be true as of such specific date).

(ii) PERFORMANCE BY THE COMPANY. The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company between the Closing Date and the Additional Closing Date.

(iii) NO INJUNCTION. Since the Closing Date, no statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated, amended, modified or endorsed by any court of governmental authority of competent jurisdiction or governmental authority, stock market or trading facility which prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

(iv) ADVERSE CHANGES. Since the Closing Date, no event or series of events which reasonably would be expected to have or result in a material adverse effect on the results of operations, assets or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole.

(v) COMPLIANCE CERTIFICATE. The Company shall have delivered to the Investor, an officer's certificate stating that the conditions specified in clauses (i)-(iv) above have been satisfied.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby makes the following representations and warranties to each Investor:

(a) SUBSIDIARIES. The Company has no direct or indirect Subsidiaries other than as specified in the SEC Reports. Except as disclosed in SCHEDULE 3.1(a), the Company owns, directly or indirectly, all of the capital stock of each Subsidiary free and clear of any and all Liens (other than

Permitted Liens), and all the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights.

(b) ORGANIZATION AND QUALIFICATION. The Company and each Subsidiary are duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. The Company and each Subsidiary are duly qualified to conduct its respective businesses and are in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

(c) AUTHORIZATION; ENFORCEMENT. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(d) NO CONFLICTS. Except as disclosed in SCHEDULE 3.1(d), the execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) result in a violation of any law,

rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. Payments of cash on account of principal of or interest under the Notes, upon any Event of Default under the Notes, as a result of liquidated damages under any Transaction Document or upon a Buy-In under and as such term is defined in a Warrant will not require the consent of, any payment to, or the springing of any Lien in favor of any lender to or creditor of the Company or any Subsidiary (under a credit facility, loan agreement or otherwise) and will not result in a default under any such credit facilities, loans or other agreements.

(e) FILINGS, CONSENTS AND APPROVALS. Except as disclosed in SCHEDULE 3.1(e), the Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than (i) the filing with the Commission of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, (ii) filings required by state securities laws, (iii) the filing of a Notice of Sale of Securities on Form D with the Commission under Regulation D of the Securities Act (iv) the filings required in accordance with Section 4.6 and 4.9, and (iv) those that have been made or obtained prior to the date of this Agreement.

(f) ISSUANCE OF THE SECURITIES. The Securities have been duly authorized and, when issued and paid for in accordance with the Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance upon conversion of the Notes and upon exercise of the Warrants not less than the Required Minimum calculated as of the date hereof.

(g) CAPITALIZATION. The number of shares and type of all authorized, issued and outstanding capital stock of the Company, and all shares of Common Stock reserved for issuance under the Company's various option and incentive plans, is specified in SCHEDULE 3.1(g). Except as specified in SCHEDULE 3.1(g), no securities of the Company are entitled to preemptive or similar rights, and no Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as specified in SCHEDULE 3.1(g), there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exchangeable for, or giving any Person any right to subscribe for or acquire, any shares of Common Stock, or contracts,

commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. Except as specified in SCHEDULE 3.1(G), the issue and sale of the Securities will not, immediately or with the passage of time, obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Investors) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under such securities.

(h) SEC REPORTS; FINANCIAL STATEMENTS. Except as disclosed in SCHEDULE 3.1(H), the Company has filed all reports required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the twelve months preceding the date hereof (or such shorter period as the Company was required by law to file such reports) (the foregoing materials being collectively referred to herein as the "SEC REPORTS" and, together with the Schedules to this Agreement (if any), the "DISCLOSURE MATERIALS") on a timely basis or has timely filed a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with GAAP applied on a

consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) PRESS RELEASES. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading.

(j) MATERIAL CHANGES. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in the SEC Reports, (i) there has been no event, occurrence or

development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses and other liabilities incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or required to be disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting or the identity of its auditors, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans and other equity compensation arrangements. The Company does not have pending before the Commission any request for confidential treatment of information.

(k) LITIGATION. Except as disclosed in SCHEDULE 3.1(k), to the knowledge of the Company, there is no Action which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) except as specifically disclosed in the SEC Reports, would, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. To the knowledge of the Company, neither the Company nor any Subsidiary, nor any director or officer thereof (in his or her capacity as such), is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty, except as specifically disclosed in the SEC Reports. There has not been, and to the knowledge of the Company, there is not pending any investigation by the Commission involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(l) LABOR RELATIONS. No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company.

(m) COMPLIANCE. Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is or has been in violation of any statute, rule or regulation of any

governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. The Company is in compliance with all effective requirements of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations thereunder, that are applicable to it, except where such noncompliance could not have or reasonably be expected to result in a Material Adverse Effect.

(n) REGULATORY PERMITS. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described in the SEC Reports, except where the failure to possess such permits could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any such permits.

(o) TITLE TO ASSETS. The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them that is material to their respective businesses and good and valid title in all personal property owned by them that is material to their respective businesses, in each case free and clear of all Liens, except for Permitted Liens and Liens that do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases of which the Company and the Subsidiaries are in compliance, except as could not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect. A list of existing Liens is provided on SCHEDULE 3.1(o) hereto (which shall constitute "Permitted Liens" under clause (e) of the definition of such term).

(p) PATENTS AND TRADEMARKS. The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, licenses and other similar rights that are necessary or material for use in connection with their respective businesses as described in the SEC Reports and which the failure to so have could, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect (collectively, the "INTELLECTUAL PROPERTY RIGHTS"). Neither the Company nor any Subsidiary has received a written notice that the Intellectual Property Rights used by the Company or any Subsidiary violates or infringes upon the rights of any Person. Except as set forth in the SEC Reports, to the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights.

(q) INSURANCE. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. The Company has no reason to believe that it will not be able to renew its and the Subsidiaries' existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business on terms consistent with market for the Company's and such Subsidiaries' respective lines of business.

(r) TRANSACTIONS WITH AFFILIATES AND EMPLOYEES. Except as set forth in the SEC Reports or disclosed in SCHEDULE 3.1(r), none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

(s) INTERNAL ACCOUNTING CONTROLS. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company has established disclosure controls and procedures (as defined in Exchange Act rules 13a-14 and 15d-14) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Company's Form 10-KSB or 10-QSB, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's controls and procedures in accordance with Item 307 of Regulation S-K under the Exchange Act for the Company's most recently ended fiscal quarter or fiscal year-end (such date, the "EVALUATION DATE"). The Company presented in its most recently filed Form 10-KSB or Form 10-QSB the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the Company's internal controls that would be required to be disclosed pursuant to Item 308(c) of Regulation S-K under the Exchange Act or, to the Company's knowledge, in other factors that could reasonably be expected to have a Material Adverse Effect on the Company's internal controls.

(t) SOLVENCY. Based on the financial condition of the Company as of the Closing Date (and assuming that the Closing shall have occurred), (i) the Company's fair saleable value of its assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature; (ii) the Company's assets do not constitute unreasonably small capital to carry on its business for the current fiscal year as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof; and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its debt when such amounts are required to be paid. The Company has no current intention to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt).

(u) CERTAIN FEES. Except as specified in SCHEDULE 3.1(u), no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement. The Investors shall have no obligation with respect to any fees or with respect to any claims (other than such fees or commissions owed by a Investor pursuant to written agreements executed by such Investor which fees or commissions shall be the sole responsibility of such Investor) made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

(v) CERTAIN REGISTRATION MATTERS. Assuming the accuracy of the Investors' representations and warranties set forth in Section 3.2(b)-(e), no registration under the Securities Act is required for the offer and sale of the Notes and Warrants by the Company to the Investors under the Transaction Documents. The Company is eligible to register its Common Stock for resale by the Investors under Form SB-2 promulgated under the Securities Act. Except as disclosed in SCHEDULE 3.1(v), the Company has not granted or agreed to grant to any Person any rights (including "piggy-back" registration rights) to have any securities of the Company registered with the Commission or any other governmental authority that have not been satisfied.

(w) LISTING AND MAINTENANCE REQUIREMENTS. Except as specified in the SEC Reports, the Company has not, in the two years preceding the date hereof, received notice from any Trading Market to the effect that the Company is not in compliance with the listing or maintenance requirements thereof. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with the listing and maintenance

requirements for continued listing of the Common Stock on the Trading Market on which the Common Stock is currently listed or quoted. The issuance and sale of the Securities under the Transaction Documents does not contravene the rules and regulations of the Trading Market on which the Common Stock is currently listed or quoted, and no approval of the shareholders of the Company thereunder is required for the Company to issue and deliver to the Investors the Securities contemplated by Transaction Documents.

(x) INVESTMENT COMPANY. The Company is not, and is not an Affiliate of, and immediately following the Closing will not have become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(y) APPLICATION OF TAKEOVER PROTECTIONS. The Company has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Certificate of Incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Investors as a result of the Investors and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation the Company's issuance of the Securities and the Investors' ownership of the Securities.

(z) NO ADDITIONAL AGREEMENTS. Except as disclosed in SCHEDULE 3.1(z), the Company does not have any agreement or understanding with any Investor with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents.

(aa) DISCLOSURE. The Company confirms that neither it nor any Person acting on its behalf has provided any Investor or its respective agents or counsel with any information that the Company believes constitutes material, non-public information except insofar as the existence and terms of the proposed transactions hereunder may constitute such information. The Company understands and confirms that the Investors will rely on the foregoing representations and covenants in effecting transactions in securities of the Company. All disclosure provided to the Investors regarding the Company, its business and the transactions contemplated hereby, furnished by or on behalf of the Company (including the Company's representations and warranties set forth in this Agreement) are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(bb) COMPLIANCE WITH ERISA. (i) Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Code with respect to

each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Code in respect of any Plan, (ii) failed to make any required contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

(ii) The benefit plans not covered under clause (a) above (including profit sharing, deferred compensation, stock option, employee stock purchase, bonus, retirement, health or insurance plans, collectively the "BENEFIT PLANS") relating to the employees of the Company are duly registered where required by, and are in good standing in all material respects under, all applicable laws. All required employer and employee contributions and premiums

under the Benefit Plans to the date hereof have been made, the respective fund or funds established under the Benefit Plans are funded in accordance with applicable laws, and no past service funding liabilities exist thereunder.

(iii) No Benefit Plans have any unfunded liabilities, either on a "going concern" or "winding up" basis and determined in accordance with all applicable laws and actuarial practices and using actuarial assumptions and methods that are reasonable in the circumstances. No event has occurred and no condition exists with respect to any Benefit Plans that has resulted or could reasonably be expected to result in any pension plan having its registration revoked or wound up (in whole or in part) or refused for the purposes of any applicable laws or being placed under the administration of any relevant pension benefits regulatory authority or being required to pay any taxes or penalties (in any material amounts) under any applicable laws.

(cc) TAXES. The Company intends to file all United States federal, state, county, municipality local or foreign income tax returns and all other material tax returns (including foreign tax returns) which are required to be filed by or on behalf of the Company and each Subsidiary and all material taxes due pursuant to such returns or pursuant to any assessment received by the Company and each Subsidiary will be paid except those being disputed in good faith and for which adequate reserves have been established. The charges, accruals and reserves on the books of the Company and each Subsidiary in respect of taxes or other governmental charges have been established in accordance with GAAP.

(dd) ABSENCE OF ANY UNDISCLOSED LIABILITIES OR CAPITAL CALLS. Except for litigation described in the SEC Reports, there are no liabilities of the Company or any Subsidiary of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be

expected to result in such a liability, other than (i) those liabilities provided for in the Company's financial statements and (ii) other undisclosed liabilities which, individually or in the aggregate, could not have, or reasonably be expected to result in, a Material Adverse Effect.

(ee) SECURED INDEBTEDNESS. As of the Closing Date the Company has no material Debt that is secured by any Lien.

3.2 REPRESENTATIONS AND WARRANTIES OF THE INVESTORS. Each Investor hereby, for itself and for no other Investor, represents and warrants to the Company as follows:

(a) ORGANIZATION; AUTHORITY. Such Investor is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the applicable Transaction Documents and otherwise to carry out its obligations thereunder. The execution, delivery and performance by such Investor of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or, if such Investor is not a corporation,

such partnership, limited liability company or other applicable like action, on the part of such Investor. Each of this Agreement and the Registration Rights Agreement has been duly executed by such Investor, and when delivered by such Investor in accordance with terms hereof, will constitute the valid and legally binding obligation of such Investor, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(b) INVESTMENT INTENT. Such Investor is acquiring the Securities as principal for its own account for investment purposes only and not with a view to or for distributing or reselling such Securities or any part thereof, without prejudice, however, to such Investor's right at all times to sell or otherwise dispose of all or any part of such Securities in compliance with applicable federal and state securities laws. Subject to the immediately preceding sentence, nothing contained herein shall be deemed a representation or warranty by such Investor to hold the Securities for any period of time. Such Investor is acquiring the Securities hereunder in the ordinary course of its business. Such Investor does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities.

(c) INVESTOR STATUS. At the time such Investor was offered the Securities, it was, and at the date hereof it is, and on each date on which it exercises the Warrant or converts the Note it will be, an "accredited investor" as defined in Rule 501(a) under the Securities Act. Such Investor is not a

registered broker-dealer under Section 15 of the Exchange Act.

(d) GENERAL SOLICITATION. Such Investor is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(e) ACCESS TO INFORMATION. Such Investor acknowledges that it has reviewed the Disclosure Materials and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities; (ii) access to information about the Company and the Subsidiaries and their respective financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Neither such inquiries nor any other investigation conducted by or on behalf of such Investor or its representatives or counsel shall modify, amend or affect such Investor's right to rely on the truth, accuracy and completeness of the Disclosure Materials and the Company's representations and warranties contained in the Transaction Documents.

(f) INDEPENDENT INVESTMENT DECISION. Such Investor has independently evaluated the merits of its decision to purchase Securities pursuant to this Agreement.

The Company acknowledges and agrees that no Investor has made or makes any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 (a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of the Securities other than pursuant to an effective registration statement, to the Company, to an Affiliate of an Investor or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act.

(b) Certificates evidencing the Securities will contain the following legend, until such time as they are not required under Section 4.1(c):

[NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE OF THESE SECURITIES HAVE BEEN REGISTERED] [THESE SECURITIES HAVE NOT BEEN REGISTERED] WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

The Company acknowledges and agrees that an Investor may from time to time pledge, and/or grant a security interest in some or all of the Securities pursuant to a bona fide margin agreement in connection with a bona fide margin account and, if required under the terms of such agreement or account, such Investor may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval or consent of the Company and no legal opinion of legal counsel to the pledgee, secured party or pledgor shall be required in connection with the pledge, but such legal opinion may be required in connection with a subsequent

transfer following default by the Investor transferee of the pledge. No notice shall be required of such pledge. At the appropriate Investor's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities including the preparation and filing of any required prospectus supplement under Rule 424(b)(3) of the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of Selling Stockholders thereunder.

(c) Certificates evidencing Underlying Shares and Warrant Shares shall not contain any legend (including the legend set forth in Section 4.1(b)): (i) while a registration statement (including the Registration Statement) covering such Underlying Shares or Warrant Shares is then effective, or (ii) following a sale or transfer of such Securities pursuant to Rule 144 (assuming the transferor is not an Affiliate of the Company), or (iii) while such Securities are eligible for sale under Rule 144(k). The Company may not make any notation on its records or give instructions to any transfer agent of the Company that enlarge the restrictions on transfer set forth in this Section. The Company agrees that it shall, within three Trading Days following such time as restrictive legends would not then be required under this Section 4.1(c),

issue and deliver to such Investor certificates that are free of restrictive legends representing Underlying Shares or Warrant Shares in replacement of Underlying Shares or Warrant Shares previously issued with restrictive legends.

4.2 FURNISHING OF INFORMATION. As long as any Investor owns the Securities, the Company covenants to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. As long as any Investor owns Securities, if the Company is not required to file reports pursuant to such laws, it will prepare and furnish to the Investors and make publicly available in accordance with Rule 144(c) such information as is required for the Investors to sell the Underlying Shares and Warrant Shares under Rule 144. The Company further covenants that it will take such further action as any holder of Securities may reasonably request, all to the extent required from time to time to enable such Person to sell the Underlying Shares and Warrant Shares without registration under the Securities Act within the limitation of the exemptions provided by Rule 144.

4.3 SUBSEQUENT SECURITIES OFFERINGS.

(a) Subject to the right of first refusal granted by the Company to the investors that entered into the Securities Purchase Agreement and related agreements, dated April 2, 2004, prior to (i) the first year anniversary of the Effective Date, or (ii) the date there shall be no principal amount outstanding on the Notes, whichever is first to occur, in the event the Company, directly or indirectly, offers, sells, grants any option to purchase, or otherwise disposes of or announces any offer, sale, grant or any option to purchase or other disposition of any of Common Stock or Common Stock Equivalents or any of its Subsidiaries' equity or Common Stock Equivalents in exchange for cash or cash equivalents in a capital raising transaction (such offer, sale, grant, disposition or announcement being referred to as "SUBSEQUENT PLACEMENT"), the Company shall deliver to each Investor a written notice (each, a "SUBSEQUENT PLACEMENT NOTICE") of its intention to effect such Subsequent Placement, which specifies in reasonable detail all of the material terms of such Subsequent Placement, the amount of proceeds intended to be raised thereunder, the names of

the investors (including the investment manager of such investors, if any) and the investment bankers with whom such Subsequent Placement is proposed to be effected, and attached to which shall be a term sheet or similar document. Each Investor shall have until 6:30 p.m. (New York City time) on the fifth Trading Day after its respective receipt of the Subsequent Placement Notice to notify Company of its intention to provide, subject to completion of mutually acceptable documentation, all or a portion of such financing on the same terms as set forth in the Subsequent Placement Notice. In the event that the Investors do not timely elect to provide the entire financing subject to the Subsequent Placement Notice and the Company shall not have consummated the portion of the Subsequent Placement for which such elections shall not have been so made on the

terms and to the Persons specified in the Subsequent Placement Notice within 30 days following the expiration of the time to so elect, the Company shall provide each Investor with a second Subsequent Placement Notice and each Investor will again have the right of first refusal set forth in this Section. If the Investors indicate in the aggregate a willingness to provide financing in excess of the amount set forth in the Subsequent Placement Notice, then each Investor will be entitled to provide financing pursuant to such Subsequent Placement Notice up to an amount of all such proceeds equal to such Investor's pro rata portion of all Investment Amounts hereunder.

(b) The Company's obligations under this Section 4.3 shall not apply to any grant or issuance by the Company of any of the following: (i) the issuance of securities upon the exercise or conversion of any Common Stock Equivalents issued by the Company prior to the date of this Agreement (but will apply to any amendments, resets, modifications and reissuances thereof if the Company receives cash consideration for such amendment, reset, modification or reissuance) or (ii) the grant of options or warrants, or the issuance of additional securities, under any duly authorized Company stock option, restricted stock plan or stock purchase plan whether now existing or approved by the Company and its stockholders in the future (but not as to any amendments or other modifications to the number of Common Stock issuable thereunder, the terms set forth therein, or the exercise price set forth therein, unless such amendments or other modifications are approved by the Company's stockholders), (iii) the issuance of Common Stock or Common Stock Equivalents in connection with a merger, acquisition or other business combination or strategic partnering or joint venture transaction or the exercise or conversion of such securities, (iv) the issuance of Common Stock or Common Stock Equivalents in connection with the settlement of claims which are the subject of law suits, arbitrations and similar proceedings or the conversion or exercise of such securities, (v) the issuance of up to 250,000 warrants to equipment lessors in connection with capital lease transactions or the exercise of such warrants.

4.4 ACKNOWLEDGMENT OF DILUTION. The Company acknowledges that the issuance of Underlying Shares upon conversion of Notes and Warrant Shares upon exercise of Warrants will result in dilution of the outstanding shares of Common Stock, which dilution may be substantial. The Company further acknowledges that its obligation to honor conversions under the Notes is unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim that the Company may have against any Investor.

4.5 INTEGRATION. The Company shall not, and shall use its best efforts to ensure that no Affiliate of the Company shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the

offer or sale of the Securities in a manner that would require the registration

under the Securities Act of the sale of the Securities to the Investors, or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market in a manner that would require stockholder approval of the sale of the securities to the Investors.

4.6 RESERVATION OF SHARES. The Company shall maintain a reserve from its duly authorized shares of Common Stock equal to or greater than the Required Minimum. In connection therewith, the Board of Directors shall (a) adopt proper resolutions authorizing such increase, (b) recommend to and otherwise use its best efforts to promptly and duly obtain stockholder approval to carry out such resolutions (and hold a special meeting of the stockholders as soon as practicable, but in any event not later than the 60th day after delivery of the proxy or other applicable materials relating to such meeting) and (c) within five Business Days of obtaining such stockholder authorization, file an appropriate amendment to the Company's certificate of incorporation or other organizational document to evidence such increase.

4.7 CONVERSION PROCEDURES. The form of Conversion Notice included in and as defined in the Notes sets forth the totality of the procedures required by the Investors in order to convert the Notes. The Company shall honor conversions of the Notes and shall deliver Underlying Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.8 SUBSEQUENT REGISTRATIONS.

(a) Other than pursuant to the Registration Rights Agreement, prior to the one hundred and eightieth (180th) day following the Effective Date (plus one day for each day following the Effective Date when a Registration Statement shall not be effective and available to the Holders for the resale of Underlying Shares or Warrant Shares), the Company may not file any registration statement with the Commission with respect to any securities of the Company other than amendments to existing registration statements and registration statements on Form S-4 and Form S-8 promulgated by the Commission.

(b) Notwithstanding Section 4.8(a), beginning after the 10th day following the Effective Date, the Company may file a primary shelf registration statement for an equity line of credit transaction; PROVIDED, however, that there will be no draw-downs under such equity line of credit (i) at any time prior to the 30th day following the date such registration statement is first declared effective by the Commission and (ii) at a price below $1.00 prior to April 1, 2005 without the consent of the Investors. It shall be a condition precedent to the Company's right to raise any capital through (or draw upon) an equity line of credit or similar transaction that the Company deliver to the Investors 75% of the amount of the capital raised therefrom, less investment banker fees, unless otherwise directed by an Investor (as to itself and no other Investor) until such time as all of the Obligations have been satisfied and the Notes are no longer outstanding. The Company agrees that such covenant shall be disclosed in the registration statement pertaining to such equity line of financing or similar transaction and each prospectus filed in connection therewith for so long as Obligations are outstanding.

4.9 SECURITIES LAWS DISCLOSURE; PUBLICITY. By 9:00 a.m. (New York time) on the Trading Day following the execution of this Agreement, and by 9:00 a.m. (New York time) on the Trading Day following the Closing Date, the Company shall issue press releases disclosing the transactions contemplated hereby and the Closing. On the Trading Day following the execution of this Agreement the Company will file a Current Report on Form 8-K disclosing the material terms of the Transaction Documents (and attach as exhibits thereto the Transaction Documents), and on the Closing Date the Company will file an additional Current Report on Form 8-K to disclose the Closing. In addition, the Company will make such other filings and notices in the manner and time required by the Commission and the Trading Market on which the Common Stock is listed. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Investor, or include the name of any Investor in any filing with the Commission (other than the Registration Statement and any exhibits to filings made in respect of this transaction in accordance with periodic filing requirements under the Exchange Act) or any regulatory agency or Trading Market, without the prior written consent of such Investor, except to the extent such disclosure is required by law or Trading Market regulations.

4.10 INDEMNIFICATION OF INVESTORS. In addition to the indemnity provided in the Registration Rights Agreement, the Company will indemnify and hold the Investors and their directors, officers, shareholders, partners, employees and agents (each, an "INVESTOR PARTY") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation (collectively, "LOSSES") that any such Investor Party may suffer or incur as a result of or relating to any misrepresentation, breach or inaccuracy of any representation, warranty, covenant or agreement made by the Company in any Transaction Document. In addition to the indemnity contained herein, the Company will reimburse each Investor Party for its reasonable legal and other expenses (including the cost of any investigation, preparation and travel in connection therewith) incurred in connection therewith, as such expenses are incurred.

4.11 NON-PUBLIC INFORMATION. The Company covenants and agrees that neither it nor any other Person acting on its behalf will provide any Investor or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Investor shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that each Investor shall be relying on the foregoing representations in effecting transactions in securities of the Company.

4.12 LISTING OF SECURITIES. The Company agrees, (i) if the Company applies to have the Common Stock traded on any other Trading Market, it will include in such application the Underlying Shares and the Warrant Shares, and will take such other action as is necessary to cause the Underlying Shares and

Warrant Shares to be listed on such other Trading Market as promptly as possible, and (ii) it will take all action reasonably necessary to continue the listing and trading of its Common Stock on a Trading Market and will comply in all material respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market.

4.13 USE OF PROCEEDS. The Company will use the net proceeds from the sale of the Securities hereunder for working capital purposes and for those purposes set forth on SCHEDULE 4.14, and not to redeem any Common Stock or Common Stock Equivalents.

4.14 PAYMENT OF CASH DIVIDEND. The Company agrees, so long as any of the Notes are outstanding, not to declare, pay or make any provision for any cash dividend or cash distribution with respect to the Common Stock or preferred stock of the Company, without first obtaining the approval of the Required Investors.

4.15 EXISTENCE; CONDUCT OF BUSINESS. For so long as any of the Notes or Warrants are outstanding, the Company will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business, PROVIDED, that the foregoing shall not prohibit (a) any sale, lease, transfer or other disposition permitted by this Agreement, or (b) any merger of (i) any domestic Subsidiary with any other domestic Subsidiary, (ii) any domestic Subsidiary with and into the Company, or (iii) any foreign Subsidiary with any other foreign Subsidiary.

4.16 LOCKUP AGREEMENTS. The Company and James LLC (the "SERIES D HOLDER") shall execute and deliver to each Investor at the Closing a Series D Lockup Agreement pursuant to which the Company and the Series D Holder agree not to sell any of the Company's Series D Convertible Preferred Stock without the consent of the Investors. The Company, Kenneth Ducey Jr. and Robert Tarini shall execute and deliver to each Investor at the Closing a Lockup Agreement pursuant to which the Company, Kenneth Ducey Jr. and Robert Tarini agree not to sell any Common Stock prior to the 60th day following the Effective Date.

4.17 PRICE MODIFICATION. The Company shall not reset, amend or modify any purchase price, conversion price or exercise price in connection with any equity or equity-linked securities without the consent of the Investors, whether the issuance of such securities occurred prior to or after the date hereof unless a judgment is rendered by a court of competent jurisdiction that requires the Company to act otherwise. 4.18 PLEDGE OF SECURITIES. In the event the Securities are eligible to be pledged in an Investor's bona fide margin account, the Company agrees to use its commercial best efforts to assist each Investor in pledging the Securities in a manner consistent with the Securities Act into the bona fide margin account of such Investor.

ARTICLE V.
CONDITIONS PRECEDENT TO CLOSING

5.1 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF AN INVESTOR TO PURCHASE SECURITIES. The obligation of each Investor to acquire Securities at the Closing is subject to the satisfaction or waiver by such Investor, at or before the Closing, of each of the following conditions:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Company contained herein shall be true and correct as of the date when made and as of the Closing as though made on and as of such date;

(b) PERFORMANCE. The Company shall have performed, satisfied and complied with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing;

(c) OFFICER'S CERTIFICATE. A certificate executed by a duly authorized officer of the Company certifying that all representations and warranties made by the Company and information furnished by the Company in any schedules to this Agreement, are true and correct in all material respects as of the Closing Date, and all covenants, agreements and obligations required by this Agreement to be performed or complied with by the Company, prior to or at the Closing, have been performed or complied with in all material respects;

(d) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents;

(e) ADVERSE CHANGES. Since the date of execution of this Agreement, no event or series of events shall have occurred that has had or would reasonably be expected to result in a Material Adverse Effect;

(f) NO SUSPENSIONS OF TRADING IN COMMON STOCK; LISTING. Trading in the Common Stock shall not have been suspended by the Commission or any Trading Market (except for any suspensions of trading of not more than one Trading Day solely to permit dissemination of material information regarding the Company) at any time since the date of execution of this Agreement, and the Common Stock shall have been at all times since such date listed for trading on a Trading Market; and

(g) COMPANY DELIVERABLES. The Company shall have delivered the Company Deliverables in accordance with Section 2.2(a).

5.2 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE COMPANY TO SELL SECURITIES. The obligation of the Company to sell Securities at the Closing is

subject to the satisfaction or waiver by the Company, at or before the Closing, of each of the following conditions:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties of each Investor contained herein shall be true and correct as of the date when made and as of the Closing Date as though made on and as of such date;

(b) PERFORMANCE. Each Investor shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by such Investor at or prior to the Closing;

(c) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents; and

(d) INVESTORS DELIVERABLES. Each Investor shall have delivered its Investors Deliverables in accordance with Section 2.2(b).

ARTICLE VI.
NEGATIVE COVENANTS OF THE COMPANY

The Company hereby agrees that, from and after the date hereof until the date that the Notes have either been repaid in their entirety and/or converted entirely into Common Stock, the Company shall be bound according to the restrictions set forth in each of following negative covenants unless any such restriction shall have been expressly waived in writing by the Required Investors:

6.1 RESTRICTIONS ON CERTAIN AMENDMENTS. The Company will not amend the rights and privileges granted under the Notes, to adversely affect the rights or privileges granted under the Notes.

6.2 RESTRICTED PAYMENT. The Company shall not make any Restricted Payment.

6.3 DEBT. Neither the Company nor any Subsidiary shall create, incur, assume, become or be liable in any manner in respect of, or suffer to exist, any Debt, except (a) Debt in existence on the date hereof, as shown on Schedule 6.3(a), and any extensions, renewals, or replacements thereof, (b) trade payables incurred and paid in the ordinary course of business, (c) Contingent Liabilities in existence on the date hereof, as shown on Schedule 6.3(c), (d) Contingent Liabilities resulting from the endorsement of negotiable instruments for collection in the ordinary course of business, and (e) Debt incurred to finance the acquisition of fixed or capital assets (whether pursuant to a loan, capital lease obligation or otherwise) in an aggregate principal amount not to

exceed five-hundred thousand dollars ($500,000) at any time outstanding, provided that such Debt is incurred simultaneously with such acquisition (the "PURCHASE MONEY FINANCING") (collectively (a) through (e) shall be referred to as the "PERMITTED INDEBTEDNESS").

6.4 LIENS. The Company shall not create or suffer to exist any Lien upon any of its properties, except Permitted Liens provided that (x) any Lien securing any Purchase Money Financing shall be created substantially simultaneously with the acquisition of such fixed or capital asset, (y) such Liens do not at any time encumber any property other than the property that is the subject of the Purchase Money Financing, and (z) the principal amount of Debt secured by any such Purchase Money Financing shall at no time exceed one hundred percent (100%) of the original purchase price of such property at the time it was acquired.

6.5 AMENDMENT OF ORGANIZATIONAL DOCUMENTS. The Company shall not permit any amendment to its articles of incorporation so as to adversely affect the rights or privileges granted under the Notes.

6.6 SALE AND LEASEBACK. The Company shall not enter into any arrangement whereby it sells or transfers any of its assets, and thereafter rents or leases such assets.

6.7 BUSINESS. The Company shall not change the nature of its business as now conducted.

6.8 TRANSACTIONS WITH AFFILIATES. The Company shall not, directly or indirectly, pay any funds to or for the account of, make any investment (whether by acquisition of stock or indebtedness, by loan, advance, transfer of property, guarantee or other agreement to pay, purchase or service, directly or indirectly, any Debt, or otherwise) in, lease, sell, transfer or otherwise dispose of any assets, tangible or intangible, to, or participate in, or effect any transaction in connection with any joint enterprise or other joint arrangement with, any Affiliate, except, on terms no less favorable than terms that could be obtained by the Company from a Person that is not an Affiliate of the Company upon negotiation at arms' length, as determined in good faith by the Board; PROVIDED that no determination of the Board of Directors shall be required with respect to any such transactions entered into in the ordinary course of business.

6.9 LIMITATION ON RESTRICTIONS. The Company shall not enter into, or suffer to exist, any agreement with any Person which prohibits or limits the ability of the Company to pay Debt owed to the Investors, except as expressly permitted by the Security Agreement.

ARTICLE VII.
MISCELLANEOUS

7.1 FEES AND EXPENSES. At the Closing, the Company shall pay to Bryan Cave LLP $45,000 (less previously delivered amounts) as partial reimbursement of the Investors (collectively, "OASIS") for their respective legal fees in connection with the Transaction Documents, it being understood that Bryan Cave LLP has only rendered legal advice to Oasis, and not to the Company in connection with the transactions contemplated hereby, and that the Company has relied for such matters on the advice of its own respective counsel. Except as specified in the immediately preceding sentence, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of the Transaction Documents. The Company shall pay all stamp and other taxes and duties levied in connection with the sale of the Notes.

7.2 ENTIRE AGREEMENT. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, discussions and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

7.3 NOTICES. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile (provided the sender receives a machine-generated confirmation of successful transmission) at the

facsimile number specified in this Section prior to 6:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (c) the Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. All notices delivered via facsimile shall be followed by overnight delivery of such notice sent via an U.S. nationally recognized overnight courier service. The address for such notices and communications shall be as follows:

If to the Company: Markland Technologies, Inc.
54 Danbury Road, #207
Ridgefield, Connecticut 06877
Facsimile: (203) 286-1608
Attention: Chief Financial Officer

With a copy to: Foley Hoag LLP
155 Seaport Boulevard

Boston, Massachusetts 02210
Facsimile: (617) 832-7000
Attention: David A. Broadwin, Esq.

If to an Investor: To the address set forth under such Investor's name on the signature pages hereof;

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

7.4 AMENDMENTS; WAIVERS; NO ADDITIONAL CONSIDERATION. No provision of this Agreement may be waived or amended except in a written instrument signed by the Company and the Required Investors. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right. Without the written consent or the affirmative vote of each Holder of Securities affected thereby, an amendment or waiver under this Section 7.4 may not:

(a) change the maturity of the principal amount of, or the interest payment date under, or the payment of liquidated damages, is due on, any Note or Warrant;

(b) make any change that impairs the conversion or exercise rights of any Securities;

(c) reduce the Event Equity Value under the Notes or amend or modify in any manner adverse to the Holders of Securities the Company's obligation to make such payments;

(d) amend the definition of Required Investors;

(e) change the currency of any amount owed or owing under the Securities or any interest thereon from U.S. Dollars;

(f) impair the right of any Investor to institute suit for the enforcement of any payment with respect to, or conversion or exercise of, any Security; or

(g) modify the provisions of this Section 7.4 or Section 7.5.

It shall not be necessary for the consent of the Holders under this Section 7.4 to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof.

7.5 TERMINATION. This Agreement may be terminated prior to Closing:

(a) by written agreement of the Investors and the Company;

(b) by the Company or an Investor (as to itself but no other Investor) upon written notice to the other, if the Closing shall not have taken place by 6:30 p.m. Eastern time on the Outside Date; PROVIDED, that the right to terminate this Agreement under this Section 7.5(b) shall not be available to any Person whose failure to comply with its obligations under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such time.

(c) by an Investor (as to itself but no other Investor) if it concludes in good faith that any of the conditions precedent contained in Section 5.1(d), (e) or (f) shall have been breached or shall not be capable of being satisfied by the Outside Date despite the assumed best efforts of the Company.

In the event of a termination pursuant to this Section, the Company shall promptly notify all non-terminating Investors and shall pay to the terminating Investor(s) all of the fees and expenses incurred by such Investors (including reasonable legal fees and expenses) in connection with this Agreement and the transactions contemplated by this Agreement through the termination date. Other than as to the foregoing fees and expenses, upon a termination in accordance with this Section 7.5, the Company and the terminating Investor(s) shall not have any further obligation or liability (including as arising from such termination) to the other and no Investor will have any liability to any other Investor under the Transaction Documents as a result therefrom.

7.6 CONSTRUCTION. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no

rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any of the Transaction Documents.

7.7 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Investors. Any Investor may assign any or all of its rights under this Agreement to any Person to whom such Investor assigns or transfers any Notes, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions hereof that

apply to the "Investors."

7.8 NO THIRD-PARTY BENEFICIARIES. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.11 (as to each Investor Party).

7.9 GOVERNING LAW. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective Affiliates, employees or agents) shall be commenced exclusively in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of the any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of a Transaction Document, then the prevailing party in such Proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

7.10 SURVIVAL. The representations, warranties, agreements and covenants contained herein shall survive the Closing and the delivery of the Securities.

7.11 EXECUTION. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is

delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

7.12 SEVERABILITY. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

7.13 RESCISSION AND WITHDRAWAL RIGHT. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever any Investor exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Investor may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

7.14 REPLACEMENT OF SECURITIES. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Securities. If a replacement certificate or instrument evidencing any Securities is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

7.15 REMEDIES. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investors and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

7.16 PAYMENT SET ASIDE. To the extent that the Company makes a payment or payments to any Investor pursuant to any Transaction Document or an Investor enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored

to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

7.17 INDEPENDENT NATURE OF INVESTORS' OBLIGATIONS AND RIGHTS. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. The decision of each Investor to purchase Securities pursuant to the Transaction Documents has been made by such Investor independently of any other Investor. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Transaction Documents for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

7.18 LIMITATION OF LIABILITY. Notwithstanding anything herein to the contrary, the Company acknowledges and agrees that the liability of an Investor arising directly or indirectly, under any Transaction Document of any and every nature whatsoever shall be satisfied solely out of the assets of such Investor, and that no trustee, officer, other investment vehicle or any other Affiliate of such Investor or any investor, shareholder or holder of shares of beneficial interest of such a Investor shall be personally liable for any liabilities of such Investor.

7.19 TERMINATION OF CERTAIN OBLIGATIONS. All obligations of the Company and all of the restrictions on the actions of the Company set forth in Sections IV (other than the indemnification obligation set forth in Section 4.10) and VI of this Agreement shall terminate and be of no further force or effect on the earlier to occur of (a) such date as all of the Notes (or Additional Notes, if any) shall have been repaid or converted or (b) with respect to any such obligation the date for its termination set forth in the relevant provision of this Agreement.

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SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

MARKLAND TECHNOLOGIES, INC.

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title: President and Chief Financial Officer

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES FOR Investors FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

DKR SOUNDSHORE OASIS HOLDING FUND, LLC

By: /S/ BARBARA BURGER

Name: Barbara Burger
Title: Assistant Director

DKR SOUNDSHORE STRATEGIC HOLDING FUND, LLC

By: /S/ BARBARA BURGER

Name: Barbara Burger
Title: Assistant Director

EXHIBIT 99.2

SECURITY AGREEMENT

SECURITY AGREEMENT (as amended, supplemented or otherwise modified from time to time, the "AGREEMENT"), dated as of September 21, 2004, among Markland Technologies, Inc., a Florida corporation (the "COMPANY"), E-OIR Technologies, Inc., a Virginia corporation ("EOIR"), ErgoSystems Corporation, a Virginia corporation ("ERGO"), and Science & Technology Research, Inc., a Maryland corporation ("STR" and together with EOIR, and Ergo, the "SUBSIDIARIES" and the Subsidiaries together with the Company the "GRANTORS" and each a "GRANTOR") and the investors signatory hereto (each investor including their respective successors, endorsees, transferees and assigns, a "SECURED PARTY", and collectively, the "SECURED PARTIES").

W I T N E S S E T H:
- - - - - - - - - -

WHEREAS, the Company has requested that each Secured Party severally make certain investments (the "INVESTMENTS") to the Company in exchange for the Company's Secured 8% Convertible Notes in the aggregate initial principal amount of $5,200,000 (collectively, the "NOTES") and warrants to acquire Common Stock (as defined below) (collectively, "WARRANTS"). The Notes and the Warrants each provide the holders thereof, including the Secured Parties, the right to obtain shares of the Company's Common Stock. The Notes and Warrants will be issued pursuant to a Purchase Agreement, dated the date of this Agreement among the Company and the Secured Parties (the "PURCHASE AGREEMENT") and the Transaction Documents entered into in connection therewith (as such term is defined in the Purchase Agreement).

WHEREAS, each of the Subsidiaries is a direct subsidiary of the Company and each of the Subsidiaries acknowledges that (i) it will derive substantial benefit from the making of the Investments, (ii) the execution and delivery by each Grantor of this Agreement is a condition precedent to the making of the Investments, and (iii) the Secured Parties would not have entered into the Purchase Agreement or made the Investments if the Grantors had not executed and delivered this Agreement.

WHEREAS, to induce the Secured Parties to make the Investments, the Grantors have agreed to grant to the Secured Parties a security interest and lien in all of the assets of the Grantors and to enter into and grant the lien contemplated in this Agreement.

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

1. Certain Definitions.

(a) As used in this Agreement, the following terms have the meanings specified below:

"AGENT" means Ethan Benovitz, as agent for each of the Secured Parties pursuant to this Agreement, or such other Person as shall have been subsequently appointed as a successor agent pursuant to this Agreement.

"COLLATERAL" has the meaning set forth in Section 2.

"COLLATERAL RECORDS" means all books, instruments, certificates, Records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals and other documents, and all computer software, computer printouts, tapes, disks and related data processing software and similar items, in each case that at any time represent, cover or otherwise evidence, or contain information relating to, any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon.

"COLLATERAL SUPPORT" means all property (real or personal) assigned, hypothecated or otherwise securing any of the Collateral, and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

"INSURANCE" means all insurance policies covering any or all of the Collateral (regardless of whether the Agent or any other Secured Party is the loss payee thereof) and all business interruption insurance policies.

"OBLIGATIONS" means (i) the due and punctual payment of (a) principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Notes, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (b) all other monetary obligations, including without limitation in respect of fees, commissions, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of any Grantor to the Secured Parties, in each case under the Transaction Documents, and (ii) the due and punctual performance of all covenants, agreements, obligations and liabilities of any Grantor or any other party (other than the Agent and the Secured Parties) under

or pursuant to the Transaction Documents (including the requirement to timely deliver shares of Common Stock upon a conversion of Notes and exercise of Warrants).

"PERMITTED LIENS" shall have the meaning assigned to it in the Purchase Agreement

"PERMITTED PRIOR LIENS" means Permitted Liens within the meaning of clause (i) of such defined term.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

(b) Terms used in this Agreement but not otherwise defined in this Agreement that are defined in the Purchase Agreement shall have the respective meanings given such terms in the Purchase Agreement.

Terms used in this Agreement but not otherwise defined in this Agreement or the Purchase Agreement that are defined in Article 9 of the UCC (such as "GENERAL INTANGIBLES" and "PROCEEDS") shall have the respective meanings given such terms in Article 9 of the UCC.

2. GRANT OF SECURITY INTEREST.

(a) As security for the payment or performance as applicable, in full of the Obligations, each Grantor hereby bargains, sells, conveys, assigns, sets over, mortgages, pledges, hypothecates and transfers to the Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, and hereby grants to the Agent (and its successors and assigns), for the ratable benefit of the Secured Parties, a security interest in and lien on (the "SECURITY INTEREST") all personal property and fixtures of such Grantor, including all of such Grantor's right, title and interest in, to and under the following, in each case whether now owned or existing or hereafter acquired or arising and wherever located (all of which being hereinafter collectively referred to as the "COLLATERAL"): (i) all Accounts, (ii) all Chattel Paper, (iii) all Commercial Tort Claims, (iv) all Documents, (v) all Equipment, (vi) all General Intangibles, (vii) all Goods, (viii) all Instruments, (ix) all Insurance, (x) all Inventory; (xi) all Letter of Credit Rights, (xii) all other goods and other personal property of such Grantor, whether tangible or intangible, (xiii) to the extent not otherwise included in clauses (i) through (xiii) of this Section, all Collateral Records, Collateral Support and Supporting Obligations in respect of any of the foregoing, (xiv) to the extent not otherwise included in clauses (i) through (xiv) of this Section, all other property in which a security interest may be granted under the UCC or which may be delivered to and held by the Agent pursuant to the terms hereof, and (xv) to the extent not otherwise included in clauses (i) through (xv) of this Section,

all Proceeds, products, substitutions, accessions, rents and profits of or in respect of any of the foregoing.

(b) Notwithstanding the forgoing, the Collateral shall include government contracts only to the extent such assignment or pledge under this SECTION 2 would not cause a breach or default under such government contract or violate any applicable Federal or state law, provided that to the extent such security interest at any time hereafter would no longer cause a breach or default under such government contract or violate any applicable Federal or state law, the Collateral shall automatically and without any further action include, and the Grantors shall be deemed to have granted automatically and without any further action a Security Interest in such government contracts as if the grant of such security interest would had never resulted in such a default or violation.

(c) The Security Interest, this Agreement and the transactions contemplated hereby are intended to comply with the requirements for subordination under, and to the fullest extent necessary to so comply are expressly subordinated to, the security interest granted to the holders of the Promissory Notes (the "EOIR NOTES"), dated June 29, 2004, made by EOIR pursuant to a Security Agreement, dated June 29, 2004, between EOIR and the holders of the EOIR Notes, (the "EOIR SECURITY AGREEMENT"), without limiting the generality of the foregoing, the Security Interest is junior to and subordinated to the Liens (as defined in the EOIR Security Agreement) to the extent necessary for it

to be a "Permitted Lien" within the terms of the EOIR Security Agreement and the Secured Parties agree that they will execute and deliver any and all documents and take any actions that the holders of the EOIR Notes and the beneficiaries of the EOIR Security Agreement may request to evidence or effect this subordination.

3. REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE GRANTORS. Each Grantor represents and warrants to, and covenants and agrees with, each of the Secured Parties as follows:

(a) Each Grantor has the requisite corporate power and authority to enter into this Agreement and to otherwise carry out its obligations thereunder. The execution, delivery and performance by each Grantor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of each Grantor and no further action is required by such Grantor. This Agreement has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, usury or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by

other equitable principles of general application.

(b) Except for Permitted Liens, Each Grantor is the sole owner of its rights in the Collateral, free and clear of any Liens (other than Permitted Liens) and is fully authorized to grant the Security Interest in and to pledge the Collateral. There is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement or transfer or any notice of any of the foregoing (other than those that have been filed in favor of the Secured Parties pursuant to this Agreement or in connection with Permitted Liens) covering or affecting any of the Collateral. So long as this Agreement shall be in effect, no Grantor shall execute or authorize the filing of in any such office or agency any such financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Parties pursuant to the terms of this Agreement or in connection with Permitted Liens) without the consent of the Secured Parties.

(c) Each Grantor represents and warrants that it has no place of business or offices where its respective books of account and records are kept (other than temporarily at the offices of its attorneys or accountants) or places where Collateral is stored or located, except as set forth on SCHEDULE A attached hereto.

(d) It has no knowledge of any claim that any of the Collateral or any Grantor's use of any Collateral violates the rights of any third party. There has been no adverse decision of which such Grantor is aware as to its exclusive (or nonexclusive, as the case may be) rights to use the Collateral in any jurisdiction, and, to the knowledge of such Grantor there is no proceeding involving said rights pending or threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(e) Each Grantor shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and may not relocate such books of account and records unless it delivers to each of the Secured Parties at least 30 days prior to such relocation (i) written notice of such relocation and the new location thereof (which must be within the United States) and (ii) evidence that appropriate financing statements and other necessary documents have been filed and recorded

and other steps have been taken to perfect the Security Interest to create in favor of each of the Secured Parties a valid, perfected and continuing first priority lien in the Collateral, subject only to Permitted Prior Liens.

(f) This Agreement creates in favor of each of the Secured Parties a valid security interest in the Collateral, securing the payment and satisfaction of the Obligations, and, upon making all applicable filings, a

perfected first priority security interest in the Collateral subject only to Permitted Prior Liens. No authorization or approval of or filing with or notice to any governmental authority or regulatory body is required either: (i) for the grant by each Grantor of, or the effectiveness of, the Security Interest granted hereby or for the execution, delivery and performance of this Agreement by each Grantor or (ii) for the perfection of or exercise by the Secured Parties of their rights and remedies hereunder.

(g) On the date of execution of this Agreement, each Grantor authorizes each Secured Party to file one or more financing statements under the UCC with respect to the Security Interest for filing with the jurisdictions indicated on SCHEDULE B, attached hereto and in such other jurisdictions as the Secured Parties deem necessary.

(h) The execution, delivery and performance of this Agreement does not conflict with or cause a breach or default, or an event that with or without the passage of time or notice, shall constitute a breach or default, under any agreement to which any Grantor is a party or by which any Grantor is bound. Except as set forth on SCHEDULE 3(H), no consent (including, without limitation, from stock holders or creditors of any Grantor) is required for any Grantor to enter into and perform its obligations hereunder, other than consents already obtained by each Grantor.

(i) Each Grantor shall at all times maintain the Security Interest provided for hereunder as a valid and perfected first priority security interest in the Collateral (subject only to Permitted Prior Liens) in favor of each of the Secured Parties and insure that such Security Interest remains senior to all existing and hereafter created security interests and Liens, other than Permitted Prior Liens. Each Grantor shall safeguard and protect all Collateral. The Company hereby agrees to defend the same against any and all persons. At the request of the Agent and/or Secured Parties, each Grantor will sign and deliver to the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Secured Parties and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Secured Parties to be, necessary to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, each Grantor shall pay all fees, taxes and other amounts necessary to maintain the Security Interest hereunder, and each Grantor shall obtain and furnish to the Secured Parties from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interest hereunder.

(j) It will not allow any material Collateral to be abandoned, forfeited or dedicated to the public without the prior written consent of the Secured Parties.

(k) Each Grantor shall keep and preserve the tangible Collateral in good condition, repair and order, reasonable wear and tear

excepted, and shall not knowingly operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage unless, in each case, where the failure to comply with the foregoing provisions does not result in an adverse effect on the value of the Collateral or on the Secured Parties' security interest therein.

(l) Each Grantor shall, within ten (10) days of obtaining knowledge thereof, advise the Agent, in sufficient detail, of any substantial change in all or any material portion of the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest therein.

(m) Each Grantor shall promptly execute and deliver to the Secured Parties such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as necessary to perfect, protect or enforce their security interest in the Collateral.

(n) Each Grantor shall permit the Secured Parties and theirs representatives and agents upon prior written consent to inspect the Collateral at any time during normal business hours, and to make copies of records pertaining to any material item of Collateral as may be reasonably requested by the Secured Parties from time to time.

(o) Each Grantor shall promptly notify the Agent in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by such Grantor that reasonably would be expected to have an adverse affect on the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder.

(p) Each Grantor shall not use or permit any Collateral to be used unlawfully or in violation of any provision of this Agreement or any applicable statute, regulation or ordinance or any policy of insurance covering the Collateral where violation is reasonably likely to have a material adverse effect on the Secured Parties' rights in the Collateral or Secured Parties' ability to foreclose on the Collateral.

(q) Other than Permitted Liens, no Grantor shall grant to any person or entity any security interests or Liens in or to any of the Collateral.

(r) Each Grantor shall notify the Agent of any change in such Grantor's name, identity, chief place of business, chief executive office or residence within 30 days of such change.

4. DEFAULTS. Each of the following events shall be an "EVENT OF DEFAULT":

(a) the occurrence of an Event of Default under and as defined in the Note;

(b) any representation or warranty of any Grantor in this Agreement shall prove to have been incorrect in any material respect when made or deemed made; and

(c) the failure by any Grantor to observe or perform any of its obligations hereunder for ten (10) business days after receipt by such Grantor of written notice of such failure from any Secured Party.

5. DUTY TO HOLD IN TRUST. Upon the occurrence and during the continuation of any Event of Default, each Grantor shall, upon receipt by it of any revenue, income or other sums subject to the Security Interest, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall upon request by the Secured Parties forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties for application to the satisfaction of the Obligations.

6. RIGHTS AND REMEDIES UPON DEFAULT. Subject to the provisions of Section 2(c), upon the occurrence and during the continuation of any Event of Default, the Agent (on behalf of, and for the benefit of itself and each Secured Party) shall have the right to exercise all of the remedies conferred hereunder, under the Notes, and the Agent and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, but subject to Section 2(c), the Secured Parties shall have the following rights and powers upon and during the continuance of an Event of Default:

(a) The Agent shall have the right to take possession of all tangible manifestations or embodiments of the Collateral and, for that purpose, without breaching the peace enter, with the aid and assistance of any person previously identified to, and approved in writing by, any Grantor, any premises where the Collateral, or any part thereof, is placed and remove the same, and each Grantor shall assemble the Collateral and make it available to the Agent at such Grantor's premises.

(b) The Agent shall have the right to assign, sell, or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit (for United States Dollars or such other currency as it may choose) or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to the Grantor or right of redemption of any Grantor, which are hereby expressly waived. Upon each such sale, assignment or other transfer of Collateral, the Agent may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of the Grantor, which are hereby waived and released.

(c) The Agent may sublicense or, to the same extent each Grantor is permitted by law and contract to do so, whether on an exclusive or non-exclusive basis, any of the Collateral throughout the world for such period, on such conditions and in such manner as the Agent shall, in its reasonable discretion, determine.

(d) The Agent may (without assuming any obligations or liabilities thereunder), at any time, enforce (and shall have the exclusive right to enforce) against licensee or sublicensee all rights and remedies of the Grantor in, to and under any license agreement with respect to such Collateral, and take or refrain from taking any action thereunder.

(e) The Agent may, in order to implement the assignment, license, sale or other disposition of any of the Collateral pursuant to this Section, pursuant to the authority provided for in Section 12, execute and deliver on behalf of the Grantors one or more instruments of assignment of the Collateral in form suitable for filing, recording or registration in any jurisdictions as the Secured Parties may determine advisable.

(f) In the event that any Secured Party shall recover from the Grantors or the Collateral more than its pro rata share of the Obligations owed to all Secured Parties hereunder, whether by agreement, understanding or arrangement with the Grantors or any other Person, set off or other means, such Secured Party shall immediately deliver or pay over to the other Secured Parties their pro rata portion of any such recovery in the form received.

7. APPLICATIONS OF PROCEEDS; EXPENSES. (a) The proceeds of any such sale, sublicense or other disposition of the Collateral hereunder shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Agent and/or Secured Parties in enforcing its rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Grantor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Grantors will be liable for the deficiency. To the extent permitted by applicable law, the Grantors waive all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due to the gross negligence or willful misconduct of the Agent and/or Secured Parties.

(b) Each of the Grantors, jointly and severally, agrees to pay all out-of-pocket fees, costs and expenses reasonably incurred in connection with any filing required hereunder, including, without limitation, any financing

statements, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Agent. The Grantors shall also pay all other claims and charges which in the reasonable opinion of the Agent and/or Secured Parties would reasonably be expected to prejudice, imperil or otherwise affect the Collateral or the Security Interest therein. The Grantors will also, upon demand, pay to the Agent and/or Secured Parties the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, which the Agent and/or Secured Parties may incur in connection with the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral.

8. RESPONSIBILITY FOR COLLATERAL. Grantors assume all liabilities and responsibility in connection with all Collateral, and the obligations of the Grantors hereunder or under the Notes shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unenforceability or unavailability for any reason.

9. SECURITY INTEREST ABSOLUTE. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, the Grantors' obligations hereunder shall survive, and shall not be discharged or satisfied by any prior payment thereof, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Each Grantor waives all right to require the Secured Parties to proceed against any other person or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Each Grantor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

10. TERM OF AGREEMENT. This Agreement and the Security Interest shall terminate on the date on which all payments under the Notes have been made in full or otherwise converted pursuant to the terms thereof and all other Obligations have been indefeasibly paid or discharged in full. Upon such termination, the Secured Parties, at the request and at the expense of Grantors, will join in executing any termination statement and other filings with respect to any financing statement executed and filed pursuant to this Agreement or required for evidencing termination of the Security Interest or this Agreement.

11. POWER OF ATTORNEY; FURTHER ASSURANCES. (a) Each Grantor authorizes the Secured Parties, and does hereby make, constitute and appoint it, and its respective officers, agents, successors or assigns with full power of substitution, as such Grantor's true and lawful attorney-in-fact, with power, in its own name or in the name of such Grantor, to, after the occurrence and during the continuance of an Event of Default, (i) endorse any notes, checks, drafts,

money orders, or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Secured Parties; (ii) to sign and endorse any UCC financing statement or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against Company, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; and (v) generally, to do, at the option of the Secured Parties, and at the Grantor's expense, at any time, or from time to time, all acts and things which the Secured Parties deem necessary to protect, preserve and realize upon the Collateral and the Security Interest granted therein, in order to effect the intent of this Agreement and the Notes, all as fully and effectually as the Grantor might or could do; and each Grantor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement.

(b) On a continuing basis, each Grantor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording places in any jurisdiction, including, without limitation, the jurisdictions indicated on SCHEDULE B, attached hereto, all such instruments, and take all such action as necessary to perfect the Security Interest granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Secured Parties the grant or perfection of a first priority security interest in all the Collateral, subject to Permitted Liens.

(c) Each Grantor hereby irrevocably appoints the Secured Parties as each Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, from time to time in the Secured Parties' discretion, to file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral.

12. AGENT.

(a) ACTIONS. The Agent shall at all times act upon and in accordance with written instructions received from a Two-Thirds-in-Interest (as defined in Section 16) from time to time. The Agent shall be deemed to be authorized on behalf of each Secured Party to act on behalf of such Secured Party under this Agreement and, in the absence of written instructions from a Two-Thirds-in-Interest (with respect to which the Agent agrees that it will, subject to the last two sentences of this Section, comply, except as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. The

Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Agreement by the Grantors. By accepting their Notes each Secured Party shall be deemed to have agreed to indemnify the Agent (which agreement shall survive any termination of such Secured Party' percentage), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement and the Notes, including the reimbursement of the Agent for all out-of-pocket expenses (including attorneys' fees) incurred by the Agent in enforcing the Obligations of the Grantors under this Agreement or the Notes, in all cases as to which the Agent is not reimbursed by the Grantors; PROVIDED, that no Secured Party shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Agent's gross negligence or willful misconduct. The Agent shall not be required to take any action hereunder or under the Notes, or to prosecute or defend any suit in respect of this Agreement or under the Notes, unless the Agent is indemnified to its reasonable satisfaction by the Secured Parties against loss, costs, liability and expense. If any indemnity in favor of the Agent shall become impaired, it may call for additional indemnity and cease to do the acts indemnified against until such additional indemnity is given.

(b) EXCULPATION. Neither the Agent nor any of its directors, officers, partners, members, shareholders, employees or agents shall be liable to any Secured Party for any action taken or omitted to be taken by it under this Agreement or the Notes, or in connection herewith or therewith, except for its own willful misconduct or gross negligence or be responsible for the consequences of any error in judgment. Neither the Agent nor any of its directors, officers, partners, members, shareholders, employees or agents has any fiduciary relationship with any Secured Party by virtue of this Agreement. The Agent shall not be responsible to any Secured Party for any recitals, statements, representations or warranties herein or in any certificate or other document delivered in connection herewith or for the authorization, execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, or sufficiency of this Agreement or the Notes, the financial condition of the Grantors or the condition or value of any of the Collateral, or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or the Notes, the financial condition of the Grantors or the existence or possible existence of any default or event of default. The Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which it believes to be genuine and to have presented by a proper person.

(c) OBLIGATIONS HELD BY THE AGENT. The Agent shall have the same rights and powers with respect to any Notes held by it or any of its

affiliates, as any Secured Party and may exercise the same as if it were not the Agent. Each of the Grantors and each Secured Party hereby waives, and each successor to any Secured Party shall be deemed to waive, any right to disqualify any Secured Party from serving as the Agent or any claim against that Secured Party for serving as Agent.

(d) COPIES, ETC. The Agent shall give prompt notice to each Secured Party of each notice or request required or permitted to be given to the Agent by the Grantors pursuant to the terms of this Agreement. The Agent will distribute to each Secured Party each instrument and other agreement received for its account and copies of all other communications received by the Agent from the Grantors for distribution to each Secured Party by the Agent in accordance with the terms of this Agreement. Notwithstanding anything herein contained to the contrary, all notices to and communications with the Grantors under this Agreement shall be effected by each Secured Party through the Agent.

(e) RESIGNATION OF AGENT. The Agent may resign as such at any time upon at least thirty (30) days' prior notice to the Company and all the Secured Parties, such resignation not to be effective until a successor Agent is in place. If the Agent at any time shall resign, a Two-Thirds-in-Interest may jointly appoint another Secured Party as a successor Agent which shall thereupon become the Agent hereunder. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges, and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement.

(f) REPLACEMENT OF AGENT. A Two-Thirds-in-Interest may at any time and for any reason replace the Agent with a successor Agent jointly selected by them, upon at least five (5) days written notice to the Company and the other Secured Parties. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the terminated Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges, and duties of the retiring Agent, and the terminated Agent shall be discharged from its duties and obligations under this Agreement.

13. NOTICES. All notices, requests, demands and other communications hereunder shall be in writing, with copies to all the other parties hereto, and shall be deemed to have been duly given when (i) if delivered by hand, upon receipt, (ii) if sent by facsimile, upon receipt of proof of sending thereof, (iii) if sent by nationally recognized overnight delivery service (receipt requested), the next business day or (iv) if mailed by first-class registered or certified mail, return receipt requested, postage prepaid, four days after posting in the U.S. mails, in each case if delivered to the following addresses:

If to the Company or any Grantor:

Markland Technologies, Inc.
54 Danbury Road, #207
Ridgefield, Connecticut 06877
Facsimile No.: (203) 286-1608
Attn: Chief Financial Officer

With a copy to:

Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Facsimile No.: (617) 832-7000
Attn: David A. Broadwin, Esq.

If to Secured Parties: To the address set forth under such Secured Parties' name on the signature pages hereto.

14. OTHER SECURITY. To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Secured Parties shall have the right, in their sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

15. ACTIONS BY SECURED PARTIES. Any action required or permitted hereunder to be taken by or on behalf of the Secured Parties shall, for such action to be valid, require the approval of the Two-Thirds-in-Interest prior to the taking of such action. If the consent, approval or disapproval of the Secured Parties is required or permitted pursuant to this Agreement, such

consent, approval or disapproval shall only be valid if given by the Two-Thirds-in-Interest. "TWO-THIRDS-IN-INTEREST" means the Secured Party or Secured Parties (as the case may be) holding in excess of ? of the outstanding aggregate principal amount under the Notes, determined on a cumulative basis.

16. MISCELLANEOUS. (a) No course of dealing between the Grantors and the Secured Parties, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties, any right, power or privilege hereunder, under the Notes or under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with

respect to the Collateral, whether established hereby, by the Notes or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and is intended to supersede all prior negotiations, understandings and agreements with respect thereto. Except as specifically set forth in this Agreement, no provision of this Agreement may be modified or amended except by a written agreement signed by the parties hereto.

(d) In the event that any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement is held to be invalid, prohibited or unenforceable in any jurisdiction, such provision, as to such jurisdiction, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement and without affecting the validity or enforceability of such provision or the other provisions of this Agreement in any other jurisdiction.

(e) No waiver of any breach or default or any right under this Agreement shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default or right, whether of the same or similar nature or otherwise.

(f) This Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and assigns.

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) This Agreement shall be construed in accordance with the laws of the State of New York, except to the extent the validity, perfection or enforcement of a security interest hereunder in respect of any particular Collateral which is governed by a jurisdiction other than the State of New York in which case such law shall govern. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of any New York State or United States Federal court sitting in New York county over any action or proceeding arising out of or relating to this Agreement, and the parties hereto hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in such New York State or Federal court. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and

may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. The parties hereto further waive any objection to venue in the State of New York and any objection to an action or proceeding in the State of New York on the basis of forum non conveniens.

(i) EACH PARTY HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH PARTY HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH PARTY WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH PARTY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS RIGHTS TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. THIS WAIVER IS IRREVOCABLE, MEANING THAT, NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS AND SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT. IN THE EVENT OF A LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(j) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

MARKLAND TECHNOLOGIES, INC.

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title: President and Chief

Financial Officer

E-OIR TECHNOLOGIES, INC.

By: /S/ JOSEPH P. MACKIN

Name: Joseph P. Mackin
Title: President

SCIENCE & TECHNOLOGY RESEARCH, INC.

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title:

ERGOSYSTEMS CORPORATION

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement as of the day and year first above written.

DKR SOUNDSHORE OASIS HOLDING FUND, LTD.

By: /S/ BARBARA BURGER

Name: Barbara Burger
Title: Assistant Director

DKR SOUNDSHORE STRATEGIC HOLDING FUND, LTD.

By: /S/ BARBARA BURGER

Name: Barbara Burger

Title: Assistant Director

EXHIBIT 99.3

EXHIBIT B

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of September 21, 2004, by and among Markland Technologies, Inc., a Florida corporation (the "COMPANY"), and the investors signatory hereto (each a "INVESTOR" and collectively, the "INVESTORS").

This Agreement is made pursuant to the Purchase Agreement, dated as of September 21, 2004, among the Company and the Investors (the "PURCHASE AGREEMENT").

The Company and the Investors hereby agree as follows:

1. DEFINITIONS. Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth in this Section 1:

"EFFECTIVE DATE" means, with respect to any Registration Statement, the date that the Commission first declares effective such Registration Statement.

"EFFECTIVENESS DATE" means: (a) with respect to the First Registration Statement, the earlier of: (i) the 90th day following the Closing Date and (ii) the fifth Trading Day following the date on which the Company is notified by the Commission that such Registration Statement will not be reviewed or is no longer subject to further review and comments, (b) with respect to the Second Registration Statement, the earlier of: (i) the 90th day following the date that the Company delivers notice of its election to sell Additional Notes pursuant to Section 2.3 of the Purchase Agreement and (ii) the fifth Trading Day following the date on which the Company is notified by the Commission that such Registration Statement will not be reviewed or is no longer subject to further review and comments, and (c) with respect to any additional Registration Statements that may be required pursuant to Section 2(b) hereof, the earlier of: (i) the 90th day following the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement is required under Section 2(b) and (ii) the fifth Trading Day following the date on which the Company is notified by the Commission that such additional Registration Statement will not be reviewed or is no longer subject to further review and comments.

"EFFECTIVENESS PERIOD" shall have the meaning set forth in Section 2(a).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FILING DATE" means (a) with respect to the First Registration Statement, the 45th day following the Closing Date, and (b) with respect to the Second Registration Statement the 10th day following the date that the Company delivers notice of its election to sell Additional Notes pursuant to Section 2.3 of the Purchase Agreement and (c) with respect to any additional Registration Statements that may be required pursuant to Section 2(b), the 45th day following the date on which the Company first knows, or reasonably should have known, that such additional Registration Statement is required under Section 2(b).

"FIRST REGISTRATION STATEMENT" means a registration statement filed pursuant to the terms hereof and which covers the resale of: (i) the resale by the Investors of the Underlying Shares and (ii) the Warrant Shares issuable upon exercise of the First Warrants.

"HOLDER" or "HOLDERS" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"INDEMNIFIED PARTY" shall have the meaning set forth in Section 5(c).

"INDEMNIFYING PARTY" shall have the meaning set forth in Section 5(c).

"LOSSES" shall have the meaning set forth in Section 5(a).

"NOTES" means, collectively, each of the promissory notes issued or issuable under the Purchase Agreement.

"PROCEEDING" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"PROSPECTUS" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in

such Prospectus.

"REGISTRABLE SECURITIES" means the (a) Underlying Shares issuable upon conversion of the Notes (assuming such Notes are held until the maturity date thereof and all interest is accreted to principal thereunder together with any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event, or any conversion

price adjustment with respect thereto), (b) Warrant Shares, and (c) any shares of Common Stock issuable upon the exercise of warrants issued to any placement agent as compensation in connection with the financing subject of the Purchase Agreement, but in no event shall such amount of Registrable Securities be less than 24,000,000 shares.

"REGISTRATION STATEMENT" means, collectively, the First Registration Statement, the Second Registration Statement, any additional Registration Statement contemplated by Section 3(c), including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"RULE 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"RULE 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"RULE 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"SECOND REGISTRATION STATEMENT" means a registration statement filed pursuant to the terms hereof and which covers the resale of: (i) the resale by the Investors of the Underlying Shares issuable upon conversion of the Additional Notes and (ii) the Warrant Shares issuable upon exercise of the Second Warrants.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

2. REGISTRATION.

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form S-2, S-3 or SB-2 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-2, S-3 or SB-2, in which case such registration shall be on another appropriate form for such purpose) and shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" substantially in the form attached hereto as ANNEX A. The Company shall cause

each Registration Statement to be declared effective under the Securities Act as soon as possible but, in any event, no later than its Effectiveness Date, and shall use its reasonable best efforts to keep each Registration Statement continuously effective under the Securities Act until the second year after the date that the Registration Statement is declared effective by the Commission or such earlier date when all Registrable Securities covered by the Registration Statement have been sold or may be sold without volume restrictions pursuant to Rule 144(k) as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the "EFFECTIVENESS PERIOD"). The initial Registration Statement shall include a number of Registrable Securities equal to the sum of (a) the number of Underlying Shares issuable upon an assumed conversion in full of the Notes (assuming for such purpose that the Notes are held until their respective schedules Maturity Dates and all interest accretes to principal for the life thereof) and (b) the number of shares issuable upon exercise in full of the Warrants.

(b) If for any reason the Commission does not permit all of the Registrable Securities to be included in the Registration Statement filed pursuant to Section 2(a) or for any other reason all Registrable Securities then outstanding are not then included in an effective Registration Statement, then the Company shall prepare and file as soon as possible after the date on which the Commission shall indicate as being the first date or time that such filing may be made, but in any event by the Filing Date therefore, an additional Registration Statement covering the resale of all Registrable Securities not already covered by an existing and effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415, on Form SB-2 (except if the Company is not then eligible to register for resale the Registrable Securities on Form SB-2, in which case such registration shall be on another appropriate form for such purpose). Each such Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" attached hereto as ANNEX A. The Company shall cause each such Registration Statement to be declared effective under the Securities Act as soon as possible but, in any event, no later than its Effective Date, and shall

use its best efforts to keep such Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period.

(c) If: (i) a Registration Statement is not filed on or prior to its Filing Date (if the Company files a Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a) hereof, the Company shall not be deemed to have satisfied this clause (i)), or (ii) a Registration Statement is not declared effective by the Commission on or prior to its required Effectiveness Date, or (iii) after its Effective Date, without regard for the reason thereunder or efforts therefore, such Registration Statement ceases for any reason to be effective and available to the Holders as to all Registrable Securities registered under such Registration Statement at any time prior to the expiration of its Effectiveness Period for more than an aggregate of 20 Trading Days in any twelve month period (which need not be consecutive) (any such failure or breach being referred to as an "EVENT," and for purposes of clauses (i) or (ii) the

date on which such Event occurs, or for purposes of clause (iii) the date which such 20 Trading Day period is exceeded, being referred to as "EVENT DATE"), then in addition to any other rights the Holders may have under the Transaction Date or under applicable law or at equity: on each such Event Date, and on the same day as such Event Date in each subsequent month until the applicable Event is cured (the Event Date and each such subsequent date, a "PAYMENT DATE") the Company shall pay to each Holder an amount, as partial liquidated damages and not as a penalty, equal to 2.0% of the aggregate Investment Amount paid by such Holder for Shares at closing pursuant to the Purchase Agreement, such payment being 1% in cash and 1% in Common Stock, PROVIDED, that in the event the Company fails to deliver such Common Stock by the 10th Trading Day following such Payment Date, such payment shall be, at the discretion of the Holder, in all cash. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 10% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro-rata basis for any portion of a month prior to the cure of an Event, except in the case of the first Event Date. Liquidated Damages payable in Common Stock pursuant to this section shall be determined by calculating the quotient of the dollar amount of such liquidated damages divided by either (1) the average of the closing bid prices of the Common Stock for the five (5) Trading Days prior to the Payment Date and (2) the closing bid price of the Common Stock on the day preceding the date such Common Stock is delivered pursuant to this Section 2(c), whichever of (1) and (2) yields a greater number of shares.

(d) Each Holder agrees to furnish to the Company a completed Questionnaire in the form attached to this Agreement as ANNEX B (a "SELLING

HOLDER QUESTIONNAIRE"). The Company shall not be required to include the Registrable Securities of a Holder in a Registration Statement and shall not be required to pay any liquidated or other damages under Section 2(c) to any Holder who fails to furnish to the Company a fully completed Selling Holder Questionnaire at least two Trading Days prior to the Filing Date (subject to the requirements set forth in Section 3(a) or fails to deliver comments in accordance with Section 3(a)).

3. REGISTRATION PROCEDURES.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than six Trading Days prior to the filing of a Registration Statement or any related Prospectus or any amendment or supplement thereto, the Company shall furnish to each Holder copies of the "Selling Stockholders" section of such document, the "Plan of Distribution" and any risk factor contained in such document that addresses specifically this transaction or the Selling Stockholders, as proposed to be filed which documents will be subject to the review of such Holder. Each Holder shall provide comments within five Trading Days after the date such materials are provided. The Company shall not file a Registration Statement, any Prospectus or any amendments or supplements thereto in which the "Selling Stockholder" section thereof differs from the disclosure received from a Holder in its Selling Holder Questionnaire (as amended or supplemented).

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that would not result in the disclosure to the Holders of material and non-public information concerning the Company; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statements and the disposition of all Registrable Securities covered by each Registration Statement.

(c) Notify the Holders as promptly as reasonably possible (and, in the case of (i)(A) below, not less than three Trading Days prior to such filing) and (if requested by any such Person) confirm such notice in

writing no later than one Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (the Company shall provide true and complete copies of any such comments and all written responses thereto to each Holder that pertains to such Holder as a Selling Shareholder or to the Plan of Distribution, but not information which the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such

Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) Furnish to each Holder, without charge, at least one conformed copy of each Registration Statement and each amendment thereto and all exhibits to the extent requested by such Person (excluding those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request. The Company hereby consents to the use of such Prospectus and each amendment or

supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto. (g) Prior to any public offering of Registrable Securities, use its reasonable best efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of all jurisdictions within the United States, to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; PROVIDED, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

(h) Cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statements, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so

that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4. REGISTRATION EXPENSES. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of

counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

5. INDEMNIFICATION.

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, investment advisors, partners, members, shareholders and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "LOSSES"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based solely upon information

regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of an Advice or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. The Company shall notify the

Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) INDEMNIFICATION BY HOLDERS. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent that, (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of an Advice or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) CONDUCT OF INDEMNIFICATION PROCEEDINGS. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "INDEMNIFIED PARTY"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "INDEMNIFYING PARTY") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately

and materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) CONTRIBUTION. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that

resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question,

including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. MISCELLANEOUS.

(a) REMEDIES. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) NO PIGGYBACK ON REGISTRATIONS. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in a Registration Statement other than the Registrable Securities, and the Company shall not during the Registration Period enter into any agreement providing any such right to any of its security holders.

(c) COMPLIANCE. Each Holder covenants and agrees that it will

comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(d) DISCONTINUED DISPOSITION. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "ADVICE") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(e) PIGGY-BACK REGISTRATIONS. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights.

(f) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of all of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least 66 ?% of the Registrable Securities to which such waiver or consent relates, PROVIDED, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(g) NOTICES. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Section prior to 6:30 p.m. (New

York City time) on a Trading Day, (ii) the Trading Day after the date of

transmission, if such notice or communication is delivered via facsimile at the facsimile telephone number specified in this Agreement later than 6:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company: Markland Technologies, Inc.
54 Danbury Road, #207
Ridgefield, Connecticut 06877
Facsimile No.:
Attn: Chief Financial Officer

With a copy to: Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02138
Facsimile: (617) 832-7000
Attention: David A. Broadwin, Esq.

If to a Investor: To the address set forth under such Investor's name on the signature pages hereto.

If to any other Person who is then the registered Holder:

To the address of such Holder as it appears in the stock transfer books of the Company

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

(h) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign its respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement so long as such assignment complies with the Purchaser Agreement.

(i) EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile

transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) GOVERNING LAW. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective Affiliates, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "NEW YORK COURTS"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any Proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(k) CUMULATIVE REMEDIES. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(l) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of

such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(n) INDEPENDENT NATURE OF INVESTORS' OBLIGATIONS AND RIGHTS. The obligations of each Investor under this Agreement are several and not joint with the obligations of each other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other

Investor under this Agreement. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement or any other Transaction Document. Each Investor acknowledges that no other Investor will be acting as agent of such Investor in enforcing its rights under this Agreement. Each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Investor to be joined as an additional party in any Proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Registration Rights Agreement for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

(o) INDEPENDENT NATURE OF INVESTORS' OBLIGATIONS AND RIGHTS. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under any Transaction Document. The decision of each Investor to purchase Securities pursuant to the Transaction Documents has been made by such Investor independently of any other Investor. Nothing contained herein or in any Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor acknowledges that no other Investor has acted as agent for such Investor in connection with making its investment hereunder and that no Investor will be acting as agent of such Investor in connection with monitoring its investment in the Securities or enforcing its rights under the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any

proceeding for such purpose. The Company acknowledges that each of the Investors has been provided with the same Transaction Documents for the purpose of closing a transaction with multiple Investors and not because it was required or requested to do so by any Investor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES TO FOLLOW]

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

MARKLAND TECHNOLOGIES, INC.

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title: President and Chief Financial Officer

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES OF INVESTORS TO FOLLOW]

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

NAME OF INVESTING ENTITY

DKR SOUNDSHORE OASIS HOLDING FUND, LLC

DKR SOUNDSHORE STRATEGIC HOLDING FUND, LLC

AUTHORIZED SIGNATORY

By: /S/ BARBARA BURGER

Name: Barbara Burger
Title: Assistant Director

ADDRESS FOR NOTICE

c/o: _____

Street: _____

City/State/Zip: _____

Attention: _____

Tel: _____

Fax: _____

Email: _____

With a copy to:

Bryan Cave LLP
1290 Avenue of the Americas
New York, NY 10104
Facsimile No.: (212) 541-4630
and (212) 541-1432
Attn: Eric L. Cohen, Esq.

Annex A

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

o ordinary brokerage transactions and transactions in which the

broker-dealer solicits Investors;

- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;

- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;

- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;

- a combination of any such methods of sale; and

- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Stockholders may from time to time pledge or grant a security interest in some or all of the Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell shares of Common Stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

Upon the Company being notified in writing by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Common Stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule

424(b) under the Securities Act, disclosing (i) the name of each such Selling Stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such the shares of Common Stock were sold, (iv)the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon the Company being notified in writing by a Selling Stockholder that a donee or pledge intends to sell more than 500 shares of Common Stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Selling Stockholders also may transfer the shares of Common Stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of Securities will be paid by the Selling Stockholder and/or the purchasers. Each Selling Stockholder has represented and warranted to the Company that it acquired the securities subject to this registration statement in the ordinary course of such Selling Stockholder's business and, at the time of its purchase of such securities such Selling Stockholder had no agreements or understandings, directly or indirectly, with any person to distribute any such securities.

The Company has advised each Selling Stockholder that it may not use shares registered on this Registration Statement to cover short sales of Common Stock made prior to the date on which this Registration Statement shall have been declared effective by the Commission. If a Selling Stockholder uses this prospectus for any sale of the Common Stock, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under this Registration Statement.

The Company is required to pay all fees and expenses incident to the registration of the shares, but the Company will not receive any proceeds from the sale of the Common Stock. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including

liabilities under the Securities Act.

Annex B

MARKLAND TECHNOLOGIES, INC.

SELLING SECURITYHOLDER NOTICE AND QUESTIONNAIRE

The undersigned beneficial owner of common stock (the "COMMON STOCK"), of MARKLAND TECHNOLOGIES, INC. (the "COMPANY") understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "COMMISSION") a Registration Statement for the registration and resale of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement, dated as of September 21, 2004 (the "REGISTRATION RIGHTS Agreement"), among the Company and the Investors named therein. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. NAME.

(a) Full Legal Name of Selling Securityholder

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by the questionnaire):

2. ADDRESS FOR NOTICES TO SELLING SECURITYHOLDER:

Telephone:

Fax:

Contact Person:

3. BENEFICIAL OWNERSHIP OF REGISTRABLE SECURITIES:

(a) Type and Principal Amount of Registrable Securities beneficially owned:

4. BROKER-DEALER STATUS:

(a) Are you a broker-dealer?

Yes [ ] No [ ]

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes [ ] No [ ]

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary

course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes [ ] No [ ]

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. BENEFICIAL OWNERSHIP OF OTHER SECURITIES OF THE COMPANY OWNED BY THE SELLING SECURITYHOLDER.

EXCEPT AS SET FORTH BELOW IN THIS ITEM 5, THE UNDERSIGNED IS NOT THE BENEFICIAL OR REGISTERED OWNER OF ANY SECURITIES OF THE COMPANY OTHER THAN THE REGISTRABLE SECURITIES LISTED ABOVE IN ITEM 3.

(a) Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

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6. RELATIONSHIPS WITH THE COMPANY:

EXCEPT AS SET FORTH BELOW, NEITHER THE UNDERSIGNED NOR ANY OF ITS AFFILIATES, OFFICERS, DIRECTORS OR PRINCIPAL EQUITY HOLDERS (OWNERS OF 5% OF MORE OF THE EQUITY SECURITIES OF THE UNDERSIGNED) HAS HELD ANY POSITION OR OFFICE OR HAS HAD ANY OTHER MATERIAL RELATIONSHIP WITH THE COMPANY (OR ITS PREDECESSORS OR AFFILIATES) DURING THE PAST THREE YEARS.

State any exceptions here:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner: _____

By: _____

Name:

Title:

PLEASE FAX A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

[ ]

EXHIBIT 99.4

EXHIBIT A

NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON CONVERSION OF THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

No. [_] $[_]

Original Issue Date: September 21, 2004

MARKLAND TECHNOLOGIES, INC.
SECURED 8% CONVERTIBLE NOTE DUE SEPTEMBER 21, 2005

THIS NOTE is one of a series of duly authorized and issued notes of Markland Technologies, Inc., a Florida corporation (the "COMPANY"), designated as its Secured 8% Convertible Notes due September 21, 2005, in the original aggregate principal amount of five million two hundred thousand ($5,200,000) (collectively, the "NOTES" and each Note comprising the Notes, a "NOTE").

FOR VALUE RECEIVED, the Company promises to pay to the order of _____ or its registered assigns (the "INVESTOR"), the principal _____, on September 21, 2005, or such earlier date as this Note is required to be repaid as provided hereunder (the "MATURITY DATE"), and to pay interest to the Investor on the principal amount of this Note outstanding from time to time in accordance with the provisions hereof. All holders of Notes are referred to collectively, as the "INVESTORS." This Note is subject to the following additional provisions:

1. DEFINITIONS. In addition to the terms defined elsewhere in this Note: (a) capitalized terms that are used but not otherwise defined herein have the meanings given to such terms in the Purchase Agreement, dated as of the Original Issue Date, among the Company and the Investors identified therein (the "PURCHASE AGREEMENT"), and (b) the following terms have the meanings indicated below:

"ADJUSTED CONVERSION PRICE" means the lesser of (a) the Fixed Conversion Price and (b) 80% of the average of the Closing Prices during the five (5) Trading Days prior to the applicable Conversion Date, in each case, subject to adjustment from time to time pursuant to Section 11.

"BANKRUPTCY EVENT" means any of the following events: (a) the Company or any Subsidiary commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Subsidiary thereof; (b) there is commenced against the Company or any Subsidiary any such case or proceeding that is not dismissed within 75 days after commencement; (c) the Company or any subsidiary is adjudicated by a court of competent jurisdiction insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered; (d) the Company or any Subsidiary suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 75 days; (e) under applicable law the Company or any Subsidiary makes a general assignment for the benefit of creditors; (f) the Company or any Subsidiary fails to pay, or states that it is unable to pay or is unable to pay, its debts generally as they become due; or (g) the Company or any Subsidiary, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"CHANGE OF CONTROL" means the occurrence of any of the following in one or a series of related transactions: (i) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) under the Exchange Act) of more than one-third of the voting rights or equity interests in the Company; (ii) a replacement of more than one-half of the members of the Company's board of directors in a single election of directors that is not approved by those individuals who are members of the board of directors on the date hereof (or other directors previously approved by such individuals); (iii) a Fundamental Transaction (as defined in Section 11(c)), a merger or consolidation of the Company or any Subsidiary or a sale of more than one-half of the assets of the Company in one or a series of related transactions, unless following such transaction or series of transactions, the holders of the Company's securities prior to the first such transaction continue to hold at least two-thirds of the voting rights and equity interests in the surviving entity or acquirer of such assets; (iv) a recapitalization, reorganization or other transaction involving the Company or any Subsidiary that constitutes or results in a transfer of more than one-third of the voting rights or equity interests in the Company, unless following such transaction or series of transactions, the holders of the Company's securities prior to the first such transaction continue to hold at least two-thirds of the voting rights and equity interests in the surviving entity or acquirer of such assets; (v) consummation of a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act with respect to the Company, or (vi) the execution by the Company or its controlling shareholders of an agreement providing for or reasonably likely to result in any of the foregoing events.

"CLOSING PRICE" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on an Eligible Market, the closing bid price per share of the Common Stock for such date (or the nearest preceding date) on the primary Eligible Market or exchange on which the Common Stock is then listed or quoted; (b) if prices for the Common Stock are then quoted on the OTC Bulletin Board, the

closing bid price per share of the Common Stock for such date (or the nearest preceding date) so quoted; (c) if prices for the Common Stock are then reported in the "Pink Sheets" published by the National Quotation Bureau Incorporated (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported; or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent qualified appraiser selected in good faith and paid for by a majority in interest of the Investors.

"COMMON STOCK" means the common stock of the Company, $0.0001 par value per share, and any securities into which such common stock may hereafter be reclassified.

"COMMON STOCK EQUIVALENTS" means any securities of the Company or a Subsidiary thereof which entitle the holder thereof to acquire Common Stock at any time, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock or other securities that entitle the holder to receive, directly or indirectly, Common Stock.

"COMPANY PREPAYMENT AMOUNT" means a cash payment equal to 105% of such outstanding principal amount, plus all accrued but unpaid interest on such Notes, through the date of payment, and the amount of any unpaid liquidated damages and other amounts then owing (other than interest and principal) under the Transaction Documents.

"CONVERSION DATE" means the date a Conversion Notice together with the Conversion Schedule is delivered to the Company in accordance with Section 5(a).

"CONVERSION NOTICE" means a written notice in the form attached hereto as EXHIBIT A.

"CONVERSION PRICE" means whichever of the Initial Conversion Price or Adjusted Conversion Price is then in effect.

"DEFAULT" means any event or condition which constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"ELIGIBLE MARKET" means any of the New York Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Nasdaq SmallCap Market or the OTC Bulletin Board.

"EQUITY CONDITIONS ARE SATISFIED" means, as of any date of determination, that each of the following conditions is (or would be) satisfied on such date, if the Company were to issue on such date all of the Underlying Shares then issuable upon (1) conversion in full of the outstanding principal amount of all Notes, and (2) the payment of accrued and unpaid interest on such Interest Payment Date under all the Notes of the Company: (i) the number of authorized but unissued and otherwise unreserved shares of Common Stock is sufficient for such issuance, (ii) the Common Stock is listed or quoted (and is not suspended from trading) on an Eligible Market and such shares of Common Stock are approved for listing on such Eligible Market upon issuance, (iii) such Common Stock is registered for resale under the Registration Statement and the prospectus under such Registration Statement is available for the sale of all Registrable Securities held by the Investor, (iv) either (A) the Company has given the

holder of the Notes ten (10) Trading Days prior notice that it intends to pay interest by delivery of shares or (B) such issuance would be permitted in full without violating, (x) in the case of Section 13, Section 5(b)(i) and (ii) hereof, or (y) in all other cases, Section 5(b) hereof or the rules or regulations of the Eligible Market on which such shares are listed or quoted, (v) both immediately before and after giving effect thereto, no Default shall or would exist, and (vi) no public announcement of a pending or proposed Change of Control transaction has occurred that has not been consummated.

"EVENT EQUITY VALUE" means the average of the Closing Prices for the five consecutive Trading Days preceding either: (a) the date of an Event Notice or the date the Company becomes obligated to pay the Event Price under Section 7(b), as applicable, or (b) the date on which the Event Price with respect thereto (together with any other payments, expenses and liquidated damages then due and payable under the Transaction Documents) is paid in full, whichever is greater.

"EVENT OF DEFAULT" means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) any default in the payment (free of any claim of subordination) other than the failure to make the prepayment required under Section 13(a), when the same becomes due and payable (whether on a Prepayment Date, the Maturity Date or by acceleration or prepayment or otherwise), of (a) liquidated damages in respect of this Note which default continues unremedied for a period of three Trading Days after the date on which written notice of such default is first given to the Company by the Investor, or (b) principal or interest in respect of

this Note.

(ii) the Company or any Subsidiary (1) fails to pay when due any monetary obligation (regardless of amount) under any currently existing or hereafter arising debenture (other than a Note) or any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness or under any long term leasing or factoring arrangement, if the aggregate amount of the obligations and liabilities of the Company and the subsidiaries thereunder exceed $100,000 (each of the foregoing a "MATERIAL DEBT AGREEMENT"), or (2) fails to observe or perform any other material obligation under any Material Debt Agreement, and such failure results in the obligations thereunder becoming or being declared due and payable prior to the date on which they would otherwise become due and payable.

(iii) the Company shall sell all or substantially all of its assets in one or a series of related transactions.

(iv) the Company (a) shall fail to observe or perform any material covenant, condition or agreement contained in any Transaction Document (other than those specified in clause (i) above or clause (vii), (ix), (x), (xi), (xii) or (xiv) below), and (b) such failure shall (X) continue unremedied for a period of twenty Trading Days after the date on which written notice of such default is first given to the Company by the Investor (it being understood that no prior notice need be given in the case of a default that cannot reasonably be cured within seven Trading Days) and (Y) reasonably be expected to adversely affect the ability of the Company to either pay the Notes or deliver shares as required by the Note.

(v) any prepayment by the Company of any other Note or any other Indebtedness issued by it or any issuance of securities in exchange for any Notes issued by it (other than Underlying Shares upon conversion of such Notes in accordance with their terms as in effect on the Original Issue Date thereof), except in each case (i) if the Company offers to the Investor in writing the same prepayment of this Note and all other Notes then held by such Investor on the same economic terms on which the Company prepays or offers to prepay (whichever is more favorable to the holder of such Note) such Notes, (ii) in accordance with the prepayment provisions of the Security Agreement, and (iii) in accordance with the prepayment provisions of Section 13 of this Note.

(vi) any of the Company's representations and warranties set forth in the Purchase Agreement shall be incorrect in any material respect as of the Original Issue Date.

(vii) the occurrence of a Bankruptcy Event.

(viii) any Transaction Document shall cease, for any reason, to be in full force and effect in all material respects,

(ix) the Company shall assert in writing that any Transaction Document has ceased, for any reason, to be in full force and effect or shall disavow any of its obligations thereunder.

(x) the Common Stock shall not be listed or quoted, or is suspended from trading, on an Eligible Market for a period of three Trading Days (which need not be consecutive Trading Days).

(xi) the Company fails to deliver a stock certificate evidencing Underlying Shares to an Investor within five Trading Days after a Conversion Date or in the case of exercises under a Warrant, within five Trading days after a Date of Exercise under, and as such term is defined in, such Warrant, or the conversion or exercise rights of the Investors pursuant to the terms hereof or the terms of the Warrants are otherwise suspended for any reason (other than as a result of the limitations set forth in Section 5(b)(ii)).

(xii) the Company fails to have available a sufficient number of authorized but unissued and otherwise unreserved shares of Common Stock available to issue the Underlying Shares upon any conversion of Notes or upon any exercise of Warrants.

(xiii) the Company effects or publicly announces its intention to effect any exchange, recapitalization or other transaction the primary purpose of which is to require or reward physical delivery of certificates evidencing the Common Stock, unless following such transaction, the holders of the Company's securities prior to the first such transaction continue to beneficially own at least two-thirds of the voting rights and equity interests in the surviving entity or acquirer of such assets.

(xiv) a Registration Statement under the Registration Rights Agreement is not declared effective by the Commission by the 180th day following the Closing Date, or is not effective as to all Registrable Securities (as defined in the Registration Rights Agreement), and available for use by the holders of Registrable Securities for in excess of an aggregate of 20 Trading Days (which need not be consecutive) in any twelve month period during the Effectiveness Period (as defined in the Registration Rights Agreement).

"FIXED CONVERSION PRICE" means $0.80, subject to adjustment from time to time in accordance with Section 11.

"INDEBTEDNESS" shall have the same meaning as the term "Debt" in the Purchase Agreement

"INITIAL CONVERSION PRICE" means $0.80, subject to adjustment from time to time pursuant to Section 11.

"INTEREST PAYMENT DATE" means the Prepayment Date and each monthly anniversary thereafter.

"ORIGINAL ISSUE DATE" has the meaning set forth on the face of this Note.

"PERMITTED INDEBTEDNESS" has the meaning given such term in the Purchase Agreement.

"PERMITTED LIENS" has the meaning given such term in the Purchase Agreement.

"PREPAYMENT DATE" means March 15, 2005.

"PROCEEDING" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"REGISTRATION STATEMENT" shall have the meaning set forth in the Purchase Agreement.

"SECURITY AGREEMENT" shall have the meaning set forth in the Purchase Agreement.

"TRADING DAY" means (i) a day on which the Common Stock is traded on an Eligible Market, (ii) if the Common Stock is not quoted on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices), or (iii) in the event that the Common Stock is not listed or quoted as set forth in (i) or (ii) hereof, a Business Day.

"UNDERLYING SHARES" means the shares of Common Stock issuable upon conversion of the Notes and payment of interest thereunder.

2. INTEREST. (a) The Company shall pay interest to the Investor on the aggregate unconverted and then outstanding principal amount of this Note at the rate of 8% per annum. Such interest shall accrue but not become payable until the Prepayment Date, at which time all interest then having accrued shall become payable. Interest shall be payable in arrears on a monthly basis thereafter.

Interest payments hereunder may be made in cash or, subject to the conditions of Section 2(b), in shares of Common Stock. Interest shall be calculated on the basis of a 360-day year for the actual number of days elapsed and shall accrue daily commencing on the Original Issue Date.

(b) Subject to the conditions and limitations set forth below, in lieu of paying interest in cash the Company may, at its option, on each Interest

Payment Date, pay accrued interest on this Note by delivering by the applicable Interest Payment Date, a number of registered shares of Common Stock equal to the quotient obtained by dividing the amount of such interest by 90% of the Closing Price for the Trading Day immediately preceding (but not including) such Interest Payment Date. The Company must deliver written notice to the Investor indicating the manner in which it intends to pay interest at least ten (10) Trading Days prior to each Interest Payment Date, but the Company may indicate in any such notice that the election contained therein shall continue for subsequent Interest Payment Dates until rescinded. Failure to timely provide such written notice shall be deemed an irrevocable election by the Company to pay such interest in cash. All interest payable in respect of the Notes on any Interest Payment Date must be paid in the same manner. Notwithstanding the foregoing, the Company may not pay interest in shares of Common Stock on any Interest Payment Date unless, on the date thereof, the Equity Conditions Are Satisfied. Investor shall have the right, but not the obligation, to add to the principal amount of the Notes any interest not fully paid, which may be converted at the Conversion Price.

3. REGISTRATION OF NOTES. The Company shall register the Notes upon records maintained by the Company for that purpose (the "NOTE REGISTER") in the name of each record Investor thereof from time to time. The Company may deem and treat the registered Investor of this Note as the absolute owner hereof for the purpose of any conversion hereof or any payment of interest hereon, and for all other purposes, absent actual notice to the contrary from such record Investor.

4. REGISTRATION OF TRANSFERS AND EXCHANGES. The Company shall register the transfer of any portion of this Note in the Note Register upon surrender of this Note to the Company at its address for notice set forth herein. Upon any such registration or transfer, a new Note, in substantially the form of this Note (any such new debenture, a "NEW NOTE"), evidencing the portion of this Note so transferred shall be issued to the transferee and a New Note evidencing the remaining portion of this Note not so transferred, if any, shall be issued to the transferring Investor. The acceptance of the New Note by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Note. The Company agrees that its prior consent is not required for the transfer of any portion of this Note; PROVIDED, however, that the Company shall be entitled to reasonable assurance, including an opinion of counsel reasonably acceptable to Company, that such transfer complies with applicable federal and state securities laws. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Investor surrendering the same. No service charge or other fee will be imposed in connection with any such registration of transfer or exchange.

5. CONVERSION.

(a) AT THE OPTION OF THE INVESTOR. All or any portion of the

principal amount of this Note then outstanding together with any accrued and unpaid interest hereunder shall be convertible into shares of Common Stock at the Conversion Price (subject to limitations set forth in Section 5(b)), at the option of the Investor, at any time and from time to time from and after the Original Issue Date. The Investor may effect conversions under this Section 5(a), by delivering to the Company a Conversion Notice together with a schedule in the form of SCHEDULE 1 attached hereto (the "CONVERSION Schedule"). If the Investor is converting less than all of the principal amount represented by this Note, or if a conversion hereunder may not be effected in full due to the application of Section 5(b), the Company shall honor such conversion to the extent permissible hereunder and shall promptly deliver to the Investor a Conversion Schedule indicating the principal amount which has not been converted.

(b) CERTAIN CONVERSION RESTRICTIONS.

(i) Notwithstanding anything to the contrary contained herein, the number of shares of Common Stock that may be acquired by the Investor upon conversion of the Notes (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such conversion (or other issuance), the total number of shares of Common Stock then beneficially owned by such Investor and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Investor's for purposes of Section 13(d) of the Exchange Act, does not exceed 4.999% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such conversion). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which an Investor may receive or beneficially own in order to determine the amount of securities or other consideration that such Investor may receive in the event of a Fundamental Transaction involving the Company as contemplated in Section 11 of this Note. By written notice to the Company, an Investor may waive the provisions of this Section 5(b)(i) as to itself but any such waiver will not be effective until the 61st day after delivery thereof and such waiver shall have no effect on any other Investor.

(ii) Notwithstanding anything to the contrary contained herein, the number of shares of Common Stock that may be acquired by an Investor upon each conversion of Notes (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such conversion (or other issuance), the total number of shares of Common Stock then beneficially owned by such Investor and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with such Investor's for purposes of Section 13(d) of the Exchange Act, does not exceed 9.999% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such conversion). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which an Investor may receive or beneficially own in order to determine the amount of

securities or other consideration that such Investor may receive in the event of a Fundamental Transaction (defined below) involving the Company as contemplated herein. This restriction may not be waived.

6. MECHANICS OF CONVERSION.

(a) The number of Underlying Shares issuable upon any conversion hereunder shall equal the outstanding principal amount of this Note to be converted, divided by the Conversion Price on the Conversion Date, plus (if indicated in the applicable Conversion Notice) the amount of any accrued but unpaid interest on this Note through the Conversion Date, divided by the Conversion Price on the Conversion Date.

(b) The Company shall, by the third Trading Day following each Conversion Date, issue or cause to be issued and cause to be delivered to or upon the written order of the Investor and in such name or names as the Investor may designate a certificate for the Underlying Shares issuable upon such conversion, free of restrictive legends if at such time a Registration Statement is then effective and available for use by the Investor. The Investor, or any Person so designated by the Investor to receive Underlying Shares, shall be deemed to have become holder of record of such Underlying Shares as of such Conversion Date. The Company shall use its best efforts to deliver Underlying Shares hereunder electronically (via a DWAC) through the Depository Trust Corporation or another established clearing corporation performing similar functions.

(c) The Investor shall not be required to deliver the original Note in order to effect a conversion hereunder except in connection with a conversion that brings the balance to zero. Execution and delivery of the Conversion Notice shall have the same effect as cancellation of the Note and issuance of a New Note representing the remaining outstanding principal amount.

(d) The Company's obligations to issue and deliver Underlying Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Investor to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Investor or any other Person of any obligation to the Company or any violation or alleged violation of law by the Investor or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Investor in connection with the issuance of such Underlying Shares.

(e) If by the third Trading Day after a Conversion Date the Company fails to deliver to the Investor such Underlying Shares in such amounts and in the manner required pursuant to Section 5, then the Investor will have the right

to rescind the Conversion Notice pertaining thereto by giving written notice to the Company prior to such Investor's receipt of such Underlying Shares.

(f) The Company understands that a delay in the delivery of Underlying Shares as required hereunder beyond the third Trading Day after a Conversion Date would result in economic loss to the Investor. As partial compensation to an Investor for such loss, and not as a penalty, the Company agrees that, if it fails to deliver Underlying Shares in accordance with this Section 6 (as adjusted in accordance with this provision) in excess of five Trading Days after the third Trading Day after a Conversion Date, then it will

pay late payments to such Investor in accordance with the following schedule (where "No. Trading Days Late" is defined as the number of Trading Days beyond three Trading Days after the Conversion Date):

No. Trading Days Late	Late Payment For Each $10,000 of Principal Being Converted
1	$100
2	$200
3	$300
4	$400
5	$500
6	$600
7	$700
8	$800
9	$900
10	$1,000
>10	$1,000 +$200 for each Business Day Late beyond 10 days

The Company shall pay any payments incurred under this Section 6(f) in immediately available funds upon demand. Nothing herein shall limit the Investor's right to pursue any other remedy for the Company's failure to issue and deliver Underlying Shares to the Investor as required hereunder. The liquidated damages herein provided shall survive any rescission of a conversion under Section 6(e).

7. EVENTS OF DEFAULT.

(a) At any time or times following the occurrence and during the continuance of an Event of Default, the Investor may elect, by notice to the Company (an "EVENT NOTICE"), to require the Company to purchase all or any portion of the outstanding principal amount of this Note, as indicated in such Event Notice, at a purchase price in Dollars in cash equal to the greater of: (A) 100% of such outstanding principal amount (except that such amount shall equal 120% in the case of an Event of Default under clause (iii) of the

definition of "Event of Default"), plus all accrued but unpaid interest thereon and any unpaid liquidated damages and other amounts then owing to the Investor under the Transaction Documents, through the date of purchase, or (B) the Event Equity Value of the Underlying Shares that would be issuable upon conversion of such principal amount and payment in Common Stock of all such accrued but unpaid interest thereon (without regard to any condition precedent or conversion limitation contained herein). The aggregate amount payable pursuant to the preceding sentence is referred to as the "EVENT PRICE." The Company shall pay the aggregate Event Price to the Investor (free of any claim of subordination) no later than the third Trading Day following the date of delivery of the Event Notice, and upon receipt thereof the Investor shall deliver the original Note so repurchased to the Company.

(b) Upon the occurrence of any Bankruptcy Event with respect to the Company, all outstanding principal and accrued but unpaid interest on this Note and any unpaid liquidated damages and other amounts then owing under the Transaction Documents shall immediately become due and payable in full in Dollars in cash (free of any claim of subordination), without any action by the Investor, and the Company shall immediately be obligated to repurchase this Note held by such Investor at the Event Price pursuant to the preceding paragraph as if the Investor had delivered an Event Notice immediately prior to the occurrence of such Bankruptcy Event.

(c) In connection with any Event of Default, the Investor need not provide and the Company hereby waives any presentment, demand, protest or other notice of any kind (other than the Event Notice), and the Investor may immediately enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Any such declaration may be rescinded and annulled by the Investor at any time prior to payment hereunder. No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereto.

8. RANKING. This Note ranks pari passu with all other Notes now or hereafter issued pursuant to the Transaction Documents and is senior in all respects to all existing and hereafter created unsecured Indebtedness of the Company. The Company will not, directly or indirectly, enter into, create, incur, assume or suffer to exist any unsecured indebtedness of any kind, on or with respect to any of its property or assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, that is senior in any respect to the Company's obligations under the Notes; except for Permitted Indebtedness.

9. CHARGES, TAXES AND EXPENSES. Issuance of certificates for Underlying Shares upon conversion of (or otherwise in respect of) this Note shall be made without charge to the Investor for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any

tax which may be payable in respect of any transfer involved in the registration of any certificates for Underlying Shares or Notes in a name other than that of the Investor. The Investor shall be responsible for all other tax liability that may arise as a result of holding or transferring this Note or receiving Underlying Shares in respect hereof.

10. RESERVATION OF UNDERLYING SHARES. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Underlying Shares as required hereunder, the number of Underlying Shares which are then issuable and deliverable upon the conversion of (and otherwise in respect of) this entire Note (taking into account the adjustments of Section 11), free from preemptive rights or any other contingent purchase rights of persons other than the Investor. The Company covenants that all Underlying Shares so issuable and deliverable shall, upon issuance in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable.

11. CERTAIN ADJUSTMENTS. The Conversion Price is subject to adjustment from time to time as set forth in this Section 11.

(a) STOCK DIVIDENDS AND SPLITS. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into

a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Fixed Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) PRO RATA DISTRIBUTIONS. If the Company, at any time while this Note is outstanding, distributes to all holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by the preceding paragraph), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, "DISTRIBUTED PROPERTY"), then, at the request of the Investor delivered before the 90th day after the record date fixed for determination of shareholders entitled to receive such distribution, the Company will deliver to the Investor, within five Trading Days after such request (or, if later, on the effective date of such

distribution), the Distributed Property that the Investor would have been entitled to receive in respect of the Underlying Shares for which this Note could have been converted immediately prior to such record date. If such Distributed Property is not delivered to the Investor pursuant to the preceding sentence, then upon any conversion of this Note that occurs after such record date, the Investor shall be entitled to receive, in addition to the Underlying Shares otherwise issuable upon such conversion, the Distributed Property that the Investor would have been entitled to receive in respect of such number of Underlying Shares had the Investor been the record holder of such Underlying Shares immediately prior to such record date. Notwithstanding the foregoing, this Section 11(b) shall not apply to any distribution of rights or securities in respect of adoption by the Company of a shareholder rights plan, which events shall be covered by Section 11(a).

(c) FUNDAMENTAL TRANSACTIONS. If, at any time while this Note is outstanding, (i) the Company effects any merger or consolidation of the Company with or into another Person in which the Company is not the surviving entity, (ii) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock tender or exchange their shares for other securities, cash or property, or (iv) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 11(a) above) (in any such case, a "FUNDAMENTAL TRANSACTION"), then upon any subsequent conversion of this Note, the Investor shall have the right to: (x) declare an Event of Default pursuant to clause (iii) thereunder, (y) receive, for each Underlying Share that would have been issuable upon such conversion absent such Fundamental Transaction, the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of Common Stock (the "ALTERNATE CONSIDERATION") or (z) require the surviving entity to issue to the Investor an instrument identical to this Note (with appropriate adjustments to the conversion price). For purposes of any such conversion, the

Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Investor shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction (or, if different, the ultimate parent of such successor or entity or the entity issuing the Alternate Consideration) shall issue to the Investor a new debenture consistent with the foregoing provisions and evidencing

the Investor's right to convert such debenture into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (c) and insuring that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(d) SUBSEQUENT EQUITY SALES. If the Company or any subsidiary thereof, as applicable, at any time while this Note is outstanding, shall issue shares of Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at a price per share less than either the Initial Conversion Price or the Fixed Conversion Price (the "ADDITIONAL SHARES PRICE") (if the holder of the Common Stock or Common Stock Equivalent so issued may, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, becomes entitled to receive shares of Common Stock at a price less than the Initial Conversion Price or Fixed Conversion Price, but such price is not fixed at the time of issuance, such issuance shall be deemed to occur (i) in the case of purchase price adjustments and reset provisions, at the time, if any, that such adjustment or reset occurs, or (ii) in the case of conversion, exercise or exchange prices, the date of such conversion, exercise or exchange), then, the Initial Conversion Price and Fixed Conversion Price shall each be reduced to equal the Additional Shares Price. Notwithstanding anything to the contrary set forth herein, the Conversion Price shall never be increased as a result of the Additional Shares Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued; PROVIDED, however, that no adjustment shall be made pursuant to this Section 11(d) as a result of the conversion, exercise or exchange, as the case may be, of Common Stock Equivalents outstanding on the date hereof (but will apply to any amendments, resets, modifications, and reissuances thereof (other than those, if any, resulting from the issuance of the Notes or the transactions contemplated by the issuance of the Notes) and as a result of any changes, resets or adjustments to a conversion, exercise or exchange price thereunder whether or not as a result of any amendment, modification or reissuance (other than those, if any, resulting from the issuance of the Notes or the transactions contemplated by the issuance of the Notes)), upon the issuance of Common Stock or Common Stock Equivalents to employees or consultants of the Company as compensation upon approval of the Board of Directors of the Company, or upon the issuance of Common Stock pursuant to any agreements or other obligations in existence on the date hereof (including those set forth in the Transaction Documents) (but will apply to any amendments, resets, modifications, and reissuances thereof and as a result of any changes, resets or adjustments to a conversion, exercise or exchange price thereunder whether or not as a result of any amendment, modification or reissuance). The Company shall notify the Investor in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalent subject to this section, indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms.

(e) RECLASSIFICATIONS; SHARE EXCHANGES. In case of any reclassification of the Common Stock, or any compulsory share exchange pursuant to which the Common Stock is converted into other securities, cash or property (other than compulsory share exchanges which constitute Change of Control transactions), the Investors of the Notes then outstanding shall have the right thereafter to convert such shares only into the shares of stock and other securities, cash and property receivable upon or deemed to be held by holders of Common Stock following such reclassification or share exchange, and the Investors shall be entitled upon such event to receive such amount of securities, cash or property as a holder of the number of shares of Common Stock of the Company into which such shares of Notes could have been converted immediately prior to such reclassification or share exchange would have been entitled. This provision shall similarly apply to successive reclassifications or share exchanges.

(f) CALCULATIONS. All calculations under this Section 11 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(g) NOTICE OF ADJUSTMENTS. Upon the occurrence of each adjustment pursuant to this Section 11, the Company at its expense will promptly compute such adjustment in accordance with the terms hereof and prepare a certificate describing in reasonable detail such adjustment and the transactions giving rise thereto, including all facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Investor.

(h) NOTICE OF CORPORATE EVENTS. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any subsidiary, (ii) authorizes and publicly approves, or enters into any agreement contemplating or solicits shareholder approval for any Fundamental Transaction or (iii) publicly authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Investor a notice describing the material terms and conditions of such transaction, at least 20 calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Investor is given the practical opportunity to convert this Note prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

12. FRACTIONAL SHARES. The Company shall not be required to issue or cause to be issued fractional Underlying Shares on conversion of this Note. If any fraction of an Underlying Share would, except for the provisions of this

Section, be issuable upon conversion of this Note or payment of interest hereon, the number of Underlying Shares to be issued will be rounded up to the nearest whole share.

13. PREPAYMENT.

(a) PREPAYMENT OBLIGATION OF THE COMPANY. The Company shall prepay $4,000,000 of the Notes plus all accrued and unpaid interest and other amounts, including liquidated damages, by the Prepayment Date, PROVIDED THAT, such prepayment may only be made out of retained earnings. In the event the Investor does not receive such prepayment amount by the Prepayment Date, then the Conversion Price shall automatically become the Adjusted Conversion Price and not the Initial Conversion Price.

(b) PREPAYMENT AT OPTION OF COMPANY. Subject to the provisions of this Section and upon at least sixty (60) days' prior notice, the Company may deliver a written notice (such notice, a "PREPAYMENT NOTICE") to the Investor stating its irrevocable undertaking to redeem, at any time on or after the Prepayment Date, at the applicable Company Prepayment Amount all or part of the outstanding principal amount of all Notes held by such Investor, together with accrued and unpaid interest on such outstanding principal amount, liquidated damages and other amounts then owing thereon through the Prepayment Date, PROVIDED however, that: (i) there shall not exist any Event of Default, and (ii) the Equity Conditions Are Satisfied as to all Underlying Shares. If the conditions for delivery of a Prepayment Notice set forth in clauses (i) and (ii) above are satisfied during the period from the date of the Prepayment Notice through and including the Prepayment Date, then the Company shall deliver to the Investor the full applicable Company Prepayment Amount in cash on the 61st day following the date of the Prepayment Notice (the "COMPANY PREPAYMENT DATE"), subject to (i) reduction for principal and interest of the Investor's Notes that shall have been converted between the date of the Prepayment Notice and the Company Prepayment Date, (ii) the right of the Investor to nullify such Prepayment Notice if any of such conditions shall not have been met from the date of the Prepayment Notice through the Company Prepayment Date or if the Company shall during such period fail to honor any Conversion Notice as contemplated in the immediately following sentence, and (iii) the operation of the automatic amendment to such Prepayment Notice in accordance with this Section. The Company covenants and agrees that it will honor all Conversion Notices tendered from the time of delivery of the Prepayment Notice through 6:30 p.m. (New York City time) on the Trading Day prior to the Company Prepayment Date. In addition, if any portion of the Company Prepayment Amount remains unpaid after the Company Prepayment Date, the Investor subject to such prepayment may elect by written notice to the Company to invalidate AB INITIO the Prepayment Notice with respect to the unpaid amount, notwithstanding anything herein contained to the contrary. If the Investor makes such an election, this Note shall be reinstated with respect to such unpaid amount and the Company shall no longer have any prepayment rights under this Section.

14. NOTICES. Any and all notices or other communications or deliveries hereunder (including without limitation any Conversion Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the

facsimile number specified in this Section on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Company, to 54 Danbury Road, #207, Ridgefield, CT 06877, facsimile: (203) 286-1608, attention Chief Financial Officer, (ii) if to the Investor, to the address or facsimile number appearing on the Company's shareholder records or such other address or facsimile number as the Investor may provide to the Company in accordance with this Section.

15. MISCELLANEOUS.

(a) This Note shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) Subject to Section 15(a), above, nothing in this Note shall be construed to give to any person or corporation other than the Company and the Investor any legal or equitable right, remedy or cause under this Note. This Note shall inure to the sole and exclusive benefit of the Company and the Investor.

(c) All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings shall be commenced exclusively in the state and federal courts sitting in the City of New York, Borough of Manhattan (the "NEW YORK COURTS"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for any Proceeding, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court or that a New York Court is an inconvenient forum for such Proceeding. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby

irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal Proceeding. The prevailing party in a Proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(d) The headings herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

(e) In case any one or more of the provisions of this Note shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Note shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Note.

(f) No provision of this Note may be waived or amended except (i) in accordance with the requirements set forth in the Purchase Agreement, and (ii) in a written instrument signed, in the case of an amendment, by the Company and the Investor or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Note shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

(g) To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or Proceeding that may be brought by any Investor in order to enforce any right or remedy under the Notes. Notwithstanding any provision to the contrary contained in the Notes, it is expressly agreed and provided that the total liability of the Company under the Notes for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "MAXIMUM RATE"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Notes exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Notes is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate of interest applicable to the Notes from the effective date forward, unless such application is precluded by applicable law. If under

any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Investor with respect to indebtedness evidenced by the Notes, such excess shall be applied by such Investor to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Investor's election.

(h) The obligations under this Note are secured pursuant to the Security Agreement.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

MARKLAND TECHNOLOGIES, INC.

By: /s/ Kenneth P. Ducey, Jr.

Name: Kenneth P. Ducey, Jr.
Title: President and CFO

EXHIBIT A

CONVERSION NOTICE

(To be Executed by the Registered Investor
in order to convert Notes)

The undersigned hereby elects to convert the principal amount of Note indicated below, into shares of Common Stock of Markland Technologies, Inc., as of the date written below. If shares are to be issued in the name of a Person other than undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by the Company in accordance therewith. No fee will be charged to the Investor for any conversion, except for such transfer taxes, if any. All terms used in this notice shall have the meanings set forth in the Note.

Conversion calculations: _____

Date to Effect Conversion

_____

Principal amount of Note owned prior to conversion

_____

Principal amount of Note to be Converted

_____

Principal amount of Note remaining after Conversion

_____

DTC Account

_____

Number of shares of Common Stock to be Issued

_____

Applicable Conversion Price

_____

Name of Investor

By:_____
Name:
Title:

By the delivery of this Conversion Notice the Investor represents and warrants to the Company that its ownership of the Common Stock does not exceed the restrictions set forth in Section 5(b) of the Note.

SCHEDULE 1

Markland Technologies, Inc.
Secured 8% Convertible Notes due [ ]

CONVERSION SCHEDULE

This Conversion Schedule reflects conversions made under the above referenced Notes.

Dated:

Date of Conversion	Amount of Conversion	Aggregate Principal Amount Remaining Subsequent to Conversion	Applicable Conversion Price

EXHIBIT 99.5

EXHIBIT C

NEITHER THESE SECURITIES NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THESE SECURITIES HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

MARKLAND TECHNOLOGIES, INC.

WARRANT

Warrant No. [ ] Original Issue Date: [ ], 2004

MARKLAND TECHNOLOGIES, INC., a Florida corporation (the "COMPANY"), hereby certifies that, for value received, [ ] or its registered assigns (the "HOLDER"), is entitled to purchase from the Company up to a total of [ ](1) shares of Common Stock (each such share, a "WARRANT SHARE" and all such shares, the "WARRANT SHARES"), at any time and from time to time from the Original Issue Date and through and including [ ], 2009 (the "EXPIRATION DATE"), and subject to the following terms and conditions:

1. DEFINITIONS. As used in this Warrant, the following terms shall have the respective definitions set forth in this Section 1. Capitalized terms that are used and not defined in this Warrant that are defined in the Purchase Agreement (as defined below) shall have the respective definitions set forth in the Purchase Agreement.

"ADJUSTED EXERCISE PRICE" means the lesser of (i) 110% of the closing bid price of the Common Stock on the Trading Day immediately preceding the Closing Date or (ii) 80% of the average of the closing bid price of the Common Stock during the five (5) Trading Days immediately preceding March 15, 2005.

_____

(1) A number of shares equal to 100% of the number of shares into which the

Notes may be converted.

"BUSINESS DAY" means any day except Saturday, Sunday and any day that is a federal legal holiday in the United States or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close.

"COMMON STOCK" means the common stock of the Company, par value $.0001 per share, and any securities into which such common stock may hereafter be reclassified.

"COMMON STOCK EQUIVALENTS" means any securities of the Company or any Subsidiary which entitle the holder thereof to acquire Common Stock at any time, including without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is at any time convertible into or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock or other securities that entitle the holder to receive, directly or indirectly, Common Stock.

"EXERCISE PRICE" means whichever of the Initial Exercise Price or Adjusted Exercise Price is then in effect.

"FUNDAMENTAL TRANSACTION" means any of the following: (1) the Company effects any merger or consolidation of the Company with or into another Person in which the Company is not a surviving entity, (2) the Company effects any sale of all or substantially all of its assets in one or a series of related transactions, (3) any tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (4) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property.

"INITIAL EXERCISE PRICE" means $1.50.

"ORIGINAL ISSUE DATE" means the Original Issue Date first set forth on the first page of this Warrant.

"NEW YORK COURTS" means the state and federal courts sitting in the City of New York, Borough of Manhattan.

"PURCHASE AGREEMENT" means the Purchase Agreement, dated [ ], 2004, to which the Company and the original Holder are parties.

"TRADING DAY" means (i) a day on which the Common Stock is traded on a Trading Market, (ii) if the Common Stock is not quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar

organization or agency succeeding to its functions of reporting prices), or (iii) in the event that the Common Stock is not listed or quoted as set forth in (i) or (ii) hereof, a Business Day.

2. REGISTRATION OF WARRANT. The Company shall register this Warrant upon records to be maintained by the Company for that purpose (the "WARRANT REGISTER"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. REGISTRATION OF TRANSFERS. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Company at its address specified herein. Upon any such registration or transfer, a new Warrant to purchase Common Stock, in substantially the form of this Warrant (any such new Warrant, a "NEW WARRANT"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. EXERCISE AND DURATION OF WARRANTS. This Warrant shall be exercisable by the registered Holder at any time and from time to time from and after the six month anniversary of the Original Issue Date and through and including the Expiration Date. At 6:30 p.m., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value. The Company may not call or redeem any portion of this Warrant without the prior written consent of the affected Holder.

5. DELIVERY OF WARRANT SHARES.

(a) To effect exercises hereunder, the Holder shall not be required to physically surrender this Warrant unless the aggregate Warrant Shares represented by this Warrant is being exercised. Upon delivery of the Exercise Notice (in the form attached hereto) to the Company (with the attached Warrant Shares Exercise Log) by facsimile showing confirmation of receipt and upon payment of the Exercise Price multiplied by the number of Warrant Shares that the Holder intends to purchase hereunder, the Company shall promptly (but in no event later than three Trading Days after the Date of Exercise (as defined herein)) issue and deliver to the Holder, a certificate for the Warrant Shares issuable upon such exercise, which, unless otherwise required by the Purchase Agreement, shall be free of restrictive legends. The Company shall, upon request of the Holder and subsequent to the date on which a registration statement covering the resale of the Warrant Shares has been declared effective by the Securities and Exchange Commission, use its reasonable best efforts to deliver

Warrant Shares hereunder electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions, if available, PROVIDED, that, the Company may, but will not be required to change its transfer agent if its current transfer agent cannot deliver Warrant Shares electronically through the Depository Trust Corporation. A "DATE OF EXERCISE" means the date on which the Holder shall have delivered to the Company: (i) the Exercise Notice (with the Warrant Exercise Log attached to it), appropriately completed and duly signed and (ii) if such Holder is not utilizing the cashless exercise provisions set forth in this Warrant, payment of the Exercise Price for the number of Warrant Shares so indicated by the Holder to be purchased.

(b) If by the third Trading Day after a Date of Exercise the Company fails to deliver the required number of Warrant Shares in the manner required pursuant to Section 5(a), then the Holder will have the right to rescind such exercise.

(c) If by the third Trading Day after a Date of Exercise the Company fails to deliver the required number of Warrant Shares in the manner required pursuant to Section 5(a), and if after such third Trading Day and prior to the receipt of such Warrant Shares, the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "BUY-IN"), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue by (B) the closing bid price of the Common Stock at the time of the obligation giving rise to such purchase obligation and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder, it being understood that issuances or reinstatement pursuant to this clause (2) shall be in lieu of, and not in addition to, the Company's obligation to honor the exercise giving rise to such issuance or reinstatement. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In.

(d) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such

obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing Warrant Shares upon exercise of the Warrant as required pursuant to the terms hereof.

6. CHARGES, TAXES AND EXPENSES. Issuance and delivery of Warrant Shares upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. REPLACEMENT OF WARRANT. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and

reasonable indemnity (which shall not include a surety bond), if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe. If a New Warrant is requested as a result of a mutilation of this Warrant, then the Holder shall deliver such mutilated Warrant to the Company as a condition precedent to the Company's obligation to issue the New Warrant.

8. RESERVATION OF WARRANT SHARES. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of Persons other than the Holder (taking into account the adjustments and restrictions of SECTION 9). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable.

9. CERTAIN ADJUSTMENTS. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this SECTION 9.

(a) STOCK DIVIDENDS AND SPLITS. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) FUNDAMENTAL TRANSACTIONS. If, at any time while this Warrant is outstanding there is a Fundamental Transaction, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "ALTERNATE CONSIDERATION"). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's option and request, any successor to the Company or

surviving entity in such Fundamental Transaction shall, either (1) issue to the Holder a new warrant substantially in the form of this Warrant and consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof, or (2) purchase the Warrant from the Holder for a purchase price, payable in cash within five Trading Days after such request (or, if later, on the effective date of the Fundamental Transaction), equal to the Black Scholes value of the remaining unexercised portion of this Warrant on the date of such request. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (c) and insuring that the Warrant (or any

such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(c) SUBSEQUENT EQUITY SALES. If the Company or any subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall issue shares of Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at a price per share less than the Initial Exercise Price or the Adjusted Exercise Price, as applicable (the "ADDITIONAL WARRANT SHARES PRICE") (if the holder of the Common Stock or Common Stock Equivalent so issued may, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, become entitled to receive shares of Common Stock at a price less than the Initial Exercise Price or the Adjusted Exercise Price, as applicable, but such price is not fixed at the time of issuance, such issuance shall be deemed to occur (i) in the case of purchase price adjustments and reset provisions, at the time, if any, that such adjustment or reset occurs, or (ii) in the case of conversion, exercise or exchange prices, the date of such conversion, exercise or exchange), then, the Initial Exercise Price or the Adjusted Exercise Price, as applicable, shall be reduced to equal the Additional Warrant Shares Price, such adjustment to be made at the time such Common Stock or Common Stock Equivalents are issued; PROVIDED, however, that no adjustment shall be made pursuant to this Section 9(c) as a result of the conversion, exercise or exchange, as the case may be, of Common Stock Equivalents outstanding on the date hereof (but will apply to any amendments, resets, modifications, and reissuances thereof and as a result of any changes, resets or adjustments to a conversion, exercise or exchange price thereunder whether or not as a result of any amendment, modification or reissuance), upon the issuance of Common Stock or Common Stock Equivalents to employees or consultants of the Company as compensation upon approval of the Board of Directors of the Company, or upon the issuance of Common Stock pursuant to any agreements or other obligations in existence on the date hereof (including those set forth in the Transaction Documents) (but will apply to any amendments, resets, modifications, and reissuances thereof and as a result of any changes, resets or adjustments to a conversion, exercise or exchange price thereunder whether or not as a result of any amendment, modification or reissuance). Notwithstanding anything to the contrary set forth herein, the Exercise Price shall never be increased as a result of the Additional Warrant Shares Price. The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalent subject to this section, indicating therein the applicable issuance price, or of applicable reset price, exchange price, conversion price and other pricing terms.

(d) NUMBER OF WARRANT SHARES. Simultaneously with any adjustment to the Exercise Price pursuant to this Section 9, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as

the aggregate Exercise Price in effect immediately prior to such adjustment.

(e) CALCULATIONS. All calculations under this SECTION 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(f) NOTICE OF ADJUSTMENTS. Upon the occurrence of each adjustment pursuant to this SECTION 9, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's Transfer Agent.

(g) NOTICE OF CORPORATE EVENTS. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction (but only to the extent such disclosure would not result in the dissemination of material, non-public information to the Holder) at least 10 calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

(h) PREPAYMENT. The Company shall prepay $5,000,000 of the Notes plus all accrued and unpaid interest and other amounts, including liquidated damages, by March 15, 2005. In the event the Investor does not receive such prepayment amount by March 15, 2005, then the Exercise Price shall automatically be reduced to the Adjusted Exercise Price.

10. PAYMENT OF EXERCISE PRICE. The Holder may pay the Exercise Price in one of the following manners:

(a) CASH EXERCISE. The Holder may deliver immediately available funds; or

(b) CASHLESS EXERCISE. If an Exercise Notice is delivered at a time when a registration statement permitting the Holder to resell the Warrant Shares is not then effective or the prospectus forming a part thereof is not then available to the Holder for the resale of the Warrant Shares, then the Holder may notify the Company in an Exercise Notice of its election to utilize cashless exercise, in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y\ [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised.

A = the average of the closing prices for the five Trading Days immediately prior to (but not including) the Exercise Date.

B = the Exercise Price.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued.

11. LIMITATIONS ON EXERCISE.

(a) Notwithstanding anything to the contrary contained herein, the number of Warrant Shares that may be acquired by the Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 4.999% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which a Holder may receive or beneficially own in order to determine the amount of securities or other consideration that such Holder may receive in the event of a Fundamental Transaction as contemplated in Section 9 of this Warrant. By written notice to

the Company, an Investor may waive the provisions of this Section 11(a) as to itself but any such waiver will not be effective until the 61st day after delivery thereof and such waiver shall have no effect on any other Investor.

(b) Notwithstanding anything to the contrary contained herein, the number of Warrant Shares that may be acquired by the Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Holder and its

Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 9.999% of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. This provision shall not restrict the number of shares of Common Stock which a Holder may receive or beneficially own in order to determine the amount of securities or other consideration that such Holder may receive in the event of a Fundamental Transaction as contemplated in Section 9 of this Warrant. This restriction may not be waived.

12. NO FRACTIONAL SHARES. No fractional shares of Warrant Shares will be issued in connection with any exercise of this Warrant. In lieu of any fractional shares which would, otherwise be issuable, the Company shall pay cash equal to the product of such fraction multiplied by the closing price of one Warrant Share as reported by the applicable Trading Market on the date of exercise.

13. NOTICES. Any and all notices or other communications or deliveries hereunder (including, without limitation, any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The addresses for such communications shall be: (i) if to the Company, to Markland Technologies, Inc., 54 Danbury Road, #207, Ridgefield, CT 06877, Attn: Chief Financial Officer, or to facsimile No.: (203) 286-1608 (or such other address as the Company shall indicate in writing in accordance with this Section), or (ii) if to the Holder, to the address or facsimile number appearing on the Warrant Register or such other address or facsimile number as

the Holder may provide to the Company in accordance with this Section.

14. WARRANT AGENT. The Company shall serve as warrant agent under this Warrant. Upon 10 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent shall be a party or any corporation to which the Company or any new warrant agent transfers substantially all of its corporate trust or shareholders services business shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. MISCELLANEOUS.

(a) This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant. This Warrant may be amended only in writing signed by the Company and the Holder and their successors and assigns.

(b) All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by and construed and enforced in accordance with the internal laws of the State of New York (except for matters governed by corporate law in the State of Delaware), without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of this Warrant and the transactions herein contemplated ("PROCEEDINGS") (whether brought against a party hereto or its respective Affiliates, employees or agents) shall be commenced exclusively in the New York Courts. Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law,

any and all right to trial by jury in any legal proceeding arising out of or relating to this Warrant or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Warrant, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(c) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(d) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

(e) Prior to exercise of this Warrant, the Holder hereof shall not, by reason of being a Holder, be entitled to any rights of a stockholder with respect to the Warrant Shares.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK,
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

MARKLAND TECHNOLOGIES, INC.

By: _____
Name:
Title:

EXERCISE NOTICE

MARKLAND TECHNOLOGIES, INC.
WARRANT DATED [ ], 2004

The undersigned Holder hereby irrevocably elects to purchase _____ shares of Common Stock pursuant to the above referenced Warrant. Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

(1) The undersigned Holder hereby exercises its right to purchase _____ Warrant Shares pursuant to the Warrant.

(2) The Holder intends that payment of the Exercise Price shall be made as (check one):

____ "Cash Exercise" under Section 10

____ "Cashless Exercise" under Section 10

(3) If the holder has elected a Cash Exercise, the holder shall pay the sum of $_____ to the Company in accordance with the terms of the Warrant.

(4) Pursuant to this Exercise Notice, the Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

(5) By its delivery of this Exercise Notice, the undersigned represents and warrants to the Company that in giving effect to the exercise evidenced hereby the Holder will not beneficially own in excess of the number of shares of Common Stock (determined in accordance with Section 13(d) of the Securities Exchange Act of 1934) permitted to be owned under Section 11 of this Warrant to which this notice relates.

Dated: _____, ____

Name of Holder:

(Print)_____

By:_____
Name:_____
Title:_____

(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

WARRANT SHARES EXERCISE LOG

Date	Number of Warrant Shares Available to be Exercised	Number of Warrant Shares Exercised	Number of Warrant Shares Remaining to be Exercised

MARKLAND TECHNOLOGIES, INC.
WARRANT ORIGINALLY ISSUED [ ], 2004
WARRANT NO. [ ]

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the above-captioned Warrant to purchase _____ shares of Common Stock to which such Warrant relates and appoints _____ attorney to transfer said

right on the books of the Company with full power of substitution in the premises.

Dated: _____, ____

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

_____

_____

In the presence of:

_____

EXHIBIT 99.6

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (the "AGREEMENT") is made and entered into on September 21, 2004, between James LLC (the "SERIES D HOLDER") and Markland Technologies, Inc., a Florida corporation (the "COMPANY").

RECITALS

A. The Company proposes to enter into a Purchase Agreement (the "PURCHASE AGREEMENT") with the Investors named therein (the "INVESTORS"), pursuant to which, among other things, the Company will borrow certain sums in consideration for, among other things, the issuance of secured convertible notes in the aggregate initial principal amount of $5,200,000 ("NOTES") and warrants ("WARRANTS").

B. The Series D Holder holds or controls 18,136 shares (the "SERIES D SHARES") of the Company's Series D Cumulative Convertible Preferred Stock (the "SERIES D STOCK").

C. As a condition of consummating the transactions contemplated in the Purchase Agreement, the Investors have required that the Series D Holder and the Company execute this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Series D Holder and the Company, intending to be legally bound, agree as follows:

1. From and after the date of this Agreement, the Series D Holder hereby irrevocably agrees it will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly (including by way of swap, pledge or other derivative transactions), or announce the offering of, any of the Series D Shares. Notwithstanding the foregoing, the Series D Holder shall be able to convert its Series D Shares without further limitation and sell the underlying common stock of the Company (the "UNDERLYING SHARES") in accordance with Rule 144, including Rule 144(k). The Company shall use its best efforts to assist (and shall coordinate the assistance of Company counsel) with respect to the removal of the restrictive legend from all Underlying Shares sold by the Series D Holder pursuant to Rule 144.

2. In the event the Company fails to redeem all remaining Series D

Shares held by the Series D Holder by January 15, 2005, the Company hereby agrees to issue the Series D Holder warrants to purchase 1,088,160 shares of the common stock of the Company, $.0001 par value per share, substantially in the form attached hereto as EXHIBIT A (the "PAYMENT WARRANTS"). The Company and the Series D Holder hereby confirm that both parties intend to comply

with the provisions of the Securities Purchase Agreement, dated April 2, 2004, by and among the Company and the Investors named therein (the "APRIL 2 AGREEMENT"), so as not to cause any adjustments to the Per Share Purchase Price (as defined in the April 2, Agreement) pursuant to Section 4(g) of the April 2 Agreement. Therefore, both parties agree that any obligation on the part of the Company to deliver Payment Warrants to the Series D Holder, is contingent on the expiration of the New Transaction Period, as that term is defined in the April 2 Agreement.

3. The Series D Holder hereby represents and warrants that neither it nor any of its affiliates beneficially owns or otherwise has the right to receive any shares of the Series D Stock, or any economic interest therein or derivative therefrom, other than the Series D Shares.

4. The Series D Holders and the Company each acknowledge and agree that this Agreement is entered into for the benefit of and is enforceable by the Investors and their successors and assigns. Accordingly, the parties understand and agree that any Investor shall have the right to seek any one or more remedies for any act in contravention of this Agreement, including obtaining injunctive relief and monetary damages against any one or more of the parties hereto.

5. This Agreement will terminate as of the first to occur of (i) notice from the Company and the Investors that the transactions contemplated by the Purchase Agreement shall have been terminated in accordance with their terms, and (ii) March 15, 2005.

6. This Agreement may not be amended, waived, restated, modified or assigned in any manner except by a written agreement executed by each of the parties hereto and then if and only if consented to in writing by the Investors.

7. Each party hereto shall notify the other and the Investors of any breach or purported breach of this Agreement in writing.

8. This Agreement may be executed in facsimile and in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute

one and the same agreement.

9. If any provision of this Agreement is held to be invalid or unenforceable for any reason, such provision will be conformed to prevailing law rather than voided, if possible, in order to achieve the intent of the parties and, in any event, the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

10. The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of New York, without regards to principles of conflicts of law, and the federal laws of the United States of America applicable therein.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement as of the day and year first above written.

JAMES LLC

By: /s/ Navigator Management Ltd.

Name:
Title:

MARKLAND TECHNOLOGIES, INC.

By: /S/ KENNETH DUCEY, JR.

Name: Kenneth Ducey, Jr.
Title: President & Chief Financial Officer

EXHIBIT 99.7

LOCK-UP AGREEMENT

THIS LOCK-UP AGREEMENT (the "AGREEMENT") is made and entered into on September 21, 2004, between Kenneth Ducey Jr., Robert Tarini (each, a "HOLDER" and collectively, the "HOLDERS") and Markland Technologies, Inc., a Florida corporation (the "COMPANY").

RECITALS

A. The Company proposes to enter into a Purchase Agreement (the "PURCHASE AGREEMENT") with the Investors named therein (the "INVESTORS"), pursuant to which, among other things, the Company will borrow certain sums in consideration for, among other things, the issuance of secured convertible notes in the aggregate initial principal amount of $3,250,000 ("NOTES") and warrants ("WARRANTS").

B. Each Holder party to this Agreement holds or controls the number of shares of the Company's Common Stock (the "SHARES") set forth on such Holder's signature page to this Agreement.

C. It is a condition to the Investors' obligations to consummate the Purchase Agreement that the Holders execute and deliver this Agreement to the Company.

D. Capitalized terms that are used but not otherwise defined herein have the meanings given to such terms in the Purchase Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Holders and the Company, intending to be legally bound, agree as follows:

1. From and after the date of this Agreement until the 60th day after the Effective Date of the Registration Statement, each Holder hereby irrevocably agrees that neither it nor any of its affiliates will offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly (including by way of swap, pledge or other derivative transactions), or announce the offering of, any Shares (including any that it may gain rights or ownership to after the date of this Agreement), or any securities issuable upon any conversion, exchange, reset or otherwise with respect to, such Shares.

2. Each Holder hereby represents and warrants that other than what is disclosed in the Purchase Agreement, the accompanying schedules and

exhibits, and the Company's SEC filings, neither they nor any other affiliates beneficially own or otherwise have the right to receive any Shares, or any economic interest therein or derivative therefrom, other than those Shares specified on its signature page to this Agreement.

3. The Holders and the Company each acknowledge and agree that this Agreement is entered into for the benefit of and is enforceable by the Investors and their successors and assigns. Accordingly, the parties understand and agree that any Investor shall have the right to seek any one or more remedies for any act in contravention of this Agreement, including obtaining injunctive relief and monetary damages against any one or more of the parties hereto.

4. Other than the consideration specifically referenced herein, the parties hereto agree that no fee, payment or additional consideration in any form has or will be paid to any Holder in connection with, or as an inducement to enter into, this Agreement.

5. This Agreement will terminate as of the first to occur of (i) notice from the Company and the Investors that the transactions contemplated by the Purchase Agreement shall have been terminated in accordance with their terms, or (ii) 60 days after the Effective Date of the Registration Statement.

6. This Agreement may not be amended, waived, restated, modified or assigned in any manner except by a written agreement executed by each of the parties hereto and then if and only if consented to in writing by the Investors.

7. Each party hereto shall notify the other and the Investors of any breach or purported breach of this Agreement in writing.

8. This Agreement may be executed in facsimile and in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all of which shall together constitute one and the same agreement.

9. If any provision of this Agreement is held to be invalid or unenforceable for any reason, such provision will be conformed to prevailing law rather than voided, if possible, in order to achieve the intent of the parties and, in any event, the remaining provisions of this Agreement shall remain in full force and effect and shall be binding upon the parties hereto.

10. The terms and provisions of this Agreement shall be construed in accordance with the laws of the State of New York, without regards to principles of conflicts of law, and the federal laws of the United States of America applicable therein.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement as of the day and year first above written.

/s/ Kenneth Ducey Jr.

Kenneth Ducey Jr.

Number of Shares beneficially owned:

Number of Shares owned by affiliates as to which such Holder has an economic interest:

/s/ Robert Tarini

Robert Tarini

Number of Shares beneficially owned:

Number of Shares owned by affiliates as to which such Holder has an economic interest:

MARKLAND TECHNOLOGIES, INC.

By: /s/ Kenneth P. Ducey, Jr.

Name:
Title:

Exhibit 99.8

AGREEMENT

This AGREEMENT (this "AGREEMENT"), dated as of September 21, 2004, is being entered into between Markland Technologies, Inc., a Florida corporation (the "MARKLAND"), and each of the parties signing this Agreement (each a "BUYER" and collectively, the "BUYERS");

W I T N E S S E T H T H A T:

WHEREAS, the Buyers are all of the Buyers party to that certain Securities Purchase Agreement, dated April 2, 2004, by and between Markland and each of the Buyers (the "SECURITIES PURCHASE AGREEMENT");

WHEREAS, in connection with the Securities Purchase Agreement the Buyers and Markland entered into a Registration Rights Agreement (the "REGISTRATION RIGHTS AGREEMENT") and the Buyers acquired certain warrants to purchase shares of the common stock, $.0001 par value per share, of Markland (the "WARRANTS" and collectively with the Registration Rights Agreement and the Securities Purchase Agreement, the "TRANSACTION DOCUMENTS");

WHEREAS, Markland has filed, and the Securities and Exchange Commission has declared effective a registration statement providing for the resale of the shares of common stock acquired by the Buyers under the Transaction Documents (the "REGISTRATION STATEMENT");

WHEREAS, the Transaction Documents provide the Buyers with certain rights including, among others, a rights of first refusal on certain issuances of securities by Markland and a right to have additional shares issued to the Buyers under certain circumstance and Markland has included in the Registration Statement 833,333 shares of common stock which may be issued to the Buyers pursuant to the adjustment provisions of the Transaction Documents;

WHEREAS, the Buyers have asserted a right to have additional shares issued to them pursuant to the Transaction Documents and Markland disputes such right (the "DISPUTED CLAIMS");

WHEREAS, Markland desires to the rights of the Buyers under the Transaction Documents to the extent provided herein, and only to the extent provided herein; and

WHEREAS, each of the parties hereto desires to enter into this Agreement to resolve any and all claims of Buyers against Markland;

NOW, THEREFORE, in consideration of the agreements and covenants set forth in this Agreement and intending to be legally bound hereby, the parties hereto agree as follows:

1. This Agreement represents a compromise of disputed claims. Neither the fact that this Agreement was signed nor the signing and compliance with the terms hereof will be construed as an admission by Markland of any liability to the any Buyer, and Markland denies any such liability.

2. Promptly, but in any event within three trading days after execution of this Agreement, Markland, as an adjustment pursuant to the Securities Purchase Agreement, will issue to each Buyer the number of shares of common stock set forth on Schedule A (the "ADJUSTMENT SHARES"). Certificates representing the Adjustment Shares shall be delivered to Martin Weisberg, Esq. at Jenkens & Gilchrist Parker Chapin LLP, The Chrysler Building, 405 Lexington Avenue, New York, NY 10174. The Adjustment Shares shall be the shares included in the Registration Statement for the purpose of making adjustments for the Buyers.

3. In consideration of this Agreement and the issuance of the Adjustment Shares each Buyer hereby releases and forever discharges, Markland from any all agreements, covenants and other obligations under (i) the Securities Purchase Agreement including, without limitation, the obligations set forth in SECTION 4(g) CERTAIN AGREEMENTS of the Securities Purchase Agreement and SECTION 4(h) RIGHT OF FIRST REFUSAL of the Securities Purchase Agreement (PROVIDED THAT the obligations of Markland and the rights of the Buyers under SECTION 4(i) AVAILABLE SHARES, SECTION TRANSFER AGENT INSTRUCTIONS, and SECTION 9 INDEMNIFICATION AND REIMBURSEMENT of the Securities Purchase Agreement shall remain in full force and effect and shall be unchanged by this Agreement), (ii) SECTION 6.5 ADJUSTMENT FOR CERTAIN TRANSACTION of the Warrants, and (iii) SECTION 2(b) CERTAIN PAYMENTS under the Registration Rights Agreement (all of the provisions set forth in clauses (i), (ii) and (iii) of this sentence being referred to as the "TERMINATED OBLIGATIONS"); provided that if Markland breaches its obligation to maintain an effective registration statement as set forth in the Registration Rights Agreement all of the Terminated Obligations (except SECTION 4(g) CERTAIN AGREEMENTS and SECTION 4(h) RIGHT OF FIRST REFUSAL of the Securities Purchase Agreement and SECTION 6.5 ADJUSTMENT FOR CERTAIN TRANSACTIONS of the Warrants) shall be reinstated and shall come back into full force and effect at such time. Except as expressly provide in this Agreement, all provisions of the Transaction Documents shall remain in full force and effect.

4. Each Buyer hereby releases and forever discharges and covenants not to sue, commence or prosecute judicial or administrative proceedings against Markland or its officers, directors, employees or agents, from and with respect to any and all claims, demands, causes of action or damages of any kind arising out of or in any manner relating to the Disputed Claims.

5. Markland hereby releases and forever discharges and covenants not to sue, commence or prosecute judicial or administrative proceedings against any Buyer or its officers, directors, employees or agents, from and with respect to any and all claims, demands, causes of action or damages of any kind arising out

of or in any manner relating to the Disputed Claims.

6. Each Buyer represents and warrants that it has not sold, assigned, pledged, hypothecated or otherwise, directly or indirectly, transferred or granted to any other party any of its rights under the Transaction Documents. Each Buyer agrees that the circumstances giving rise to this settlement and the fact of, terms of and contents of this Agreement are private and confidential to Markland and shall be held by such Buyer. Each Buyer represents and warrants

that the execution, delivery, and performance by it of this Agreement have been duly authorized by all requisite corporate action and this Agreement is a legal valid and binding obligation of such Buyer enforceable in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws affecting the rights of creditors or by other equitable principles of general application.

7. Markland represents and warrants that the execution, delivery, and performance by it of this Agreement have been duly authorized by all requisite corporate action and this Agreement is a legal valid and binding obligation of Markland enforceable in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws affecting the rights of creditors or by other equitable principles of general application.

8. This Agreement is in settlement of disputed claims and is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms hereof. This Agreement supersedes all prior undertakings and agreements, written or oral, between the parties hereto in connection with this matter. This Agreement may only be modified or amended in a writing signed by each of the parties hereto.

9. This Agreement may be executed in any number of counterparts but all counterparts hereof shall together constitute but one Agreement.

10. This Agreement shall in all respects be interpreted, enforced and governed by and under the laws of The Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

MARKLAND TECHNOLOGIES, INC.

By: /s/ Kenneth P. Ducey, Jr.
Name: Kenneth P. Ducey, Jr.
Title: Chief Executive Officer

BUYERS

MONTANA VIEW CORPORATION

By: _____
Name: _____
Title: _____

ELITE PROPERTIES LTD

By: _____
Name: _____
Title: _____

SPARROW VENTURES INC

By: _____
Name: _____
Title: _____