

MAN
3/9/00
FORM PTO-1619A
Expires 06/30/99
OMB 0651-0027

04-12-2000

U.S. Department of Commerce
Patent and Trademark Office
PATENT



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RECORDATION FORM COVER SHEET
PATENTS ONLY

OPR/FINANCE

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New

Resubmission (Non-Recordation)
Document ID# _____

Correction of PTO Error
Reel # _____ Frame # _____

Corrective Document
Reel # _____ Frame # _____

Conveyance Type

Assignment Security Agreement

License Change of Name

Merger Other _____

U.S. Government
(For Use ONLY by U.S. Government Agencies)

Departmental File Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name (line 1) The United States Playing Card Company

02 29 2000

Name (line 2) _____

Second Party

Execution Date
Month Day Year

Name (line 1) _____

Name (line 2) _____

Receiving Party

Mark if additional names of receiving parties attached

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Name (line 1) Bank One, NA

Name (line 2) _____

Address (line 1) One Bank One Plaza

Address (line 2) _____

Address (line 3) Chicago IL 60670

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name _____

Address (line 1) _____

Address (line 2) _____

Address (line 3) _____

Address (line 4) _____

FOR OFFICE USE ONLY

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Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT
REEL: 010668 FRAME: 0641

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments.

#

Application Number(s) or Patent Number(s)

Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text" value="5654050"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month	Day	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>
PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment:
Deposit Account

Enclosed Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

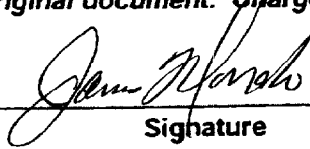
Yes No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

James F. Donato

Name of Person Signing



Signature

3/9/2000

Date

PATENT SECURITY AGREEMENT

THIS PATENT SECURITY AGREEMENT ("Agreement") is made as of February 29, 2000, by and between The United States Playing Card Company, a Delaware corporation (the "Borrower"), and Bank One, NA, with its principal office in Chicago, Illinois, as agent (the "Agent") on behalf of itself and the "Holders of Secured Obligations" (as such term is defined in the "Credit Agreement" defined below).

WITNESSETH:

WHEREAS, Borrower, the Agent and the "Lenders" (as defined in the Credit Agreement) are parties to that certain Credit Agreement of even date herewith (as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Credit Agreement"), pursuant to which the Lenders may, from time to time, extend credit to Borrower; and

WHEREAS, Borrower and the Agent are parties to that certain Security Agreement of even date herewith (as the same may hereafter be modified, amended, restated or supplemented from time to time, the "Security Agreement"), pursuant to which Borrower has granted a security interest in certain of its assets to the Agent for the benefit of the Agent and the "Holders of Secured Obligations" (as defined in the Credit Agreement); and

WHEREAS, the Lenders have required Borrower to execute and deliver this Agreement (i) in order to secure the prompt and complete payment, observance and performance of all of the "Secured Obligations" (as defined in the Credit Agreement) and (ii) as a condition precedent to any extension of credit under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower agrees as follows:

1. **Defined Terms.**

(a) Unless otherwise defined herein, each capitalized term used herein that is defined in the Credit Agreement shall have the meaning specified for such term in the Credit Agreement. Unless otherwise defined herein or in the Credit Agreement, each capitalized term used herein that is defined in the Security Agreement shall have the meaning specified for such term in the Security Agreement.

(b) The words "hereof," "herein" and "hereunder" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section references are to this Agreement unless otherwise specified.

(c) All terms defined in this Agreement in the singular shall have comparable meanings when used in the plural, and vice versa, unless otherwise specified.

2. Incorporation of Premises. The premises set forth above are incorporated into this Agreement by this reference thereto and are made a part hereof.

3. Security Interest in Patents. To secure the complete and timely payment, performance and satisfaction of all of the Secured Obligations, Borrower grants to the Agent, for the benefit of the Holders of Secured Obligations, a security interest in, as and by way of a first mortgage and security interest having priority over all other security interests, with power of sale to the extent permitted by applicable law, all of Borrower's now owned or existing and hereafter acquired or arising:

(i) patents, and patent applications, and the inventions and improvements described and claimed therein, including, without limitation, those patents and patent applications listed on Schedule A attached hereto and made a part hereof, and (a) the reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (b) all income, royalties, damages and payments now and hereafter due and/or payable under and with respect thereto, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements thereof, (c) the right to sue for past, present and future infringements thereof, and (d) all of Borrower's rights corresponding thereto throughout the world (all of the foregoing applications, together with the items described in clauses (a)-(d) in this paragraph 3(i), are sometimes hereinafter individually and/or collectively referred to as the "Patents"); and

(ii) rights under or interest in any patent license agreements with any other party, whether Borrower is a licensee or licensor under any such license agreement, including, without limitation, those patent license agreements listed on Schedule B attached hereto and made a part hereof, and the right to prepare for sale and sell any and all Inventory now or hereafter owned by Borrower and now or hereafter covered by such licenses (all of the foregoing are hereinafter referred to collectively as the "Licenses"). Notwithstanding the foregoing provisions of this paragraph 3, the Licenses shall not include any license agreement in effect as of the date hereof, or those that are entered into after the date hereof in the ordinary course of business, which by its terms prohibits the grant of the security contemplated by this Agreement; provided, however, that upon the termination of such prohibitions for any reason whatsoever, the provisions of this paragraph 3 shall be deemed to apply thereto automatically.

4. Restrictions on Future Agreements. Borrower shall not, without the Agent's prior written consent, enter into any agreement, including, without limitation, any license agreement, which is inconsistent with this Agreement, and Borrower further agrees that, except as otherwise provided in paragraph 9 herein, Borrower shall not take any action, and shall use its best efforts not to permit any action to be taken by others, including, without limitation, licensees, or fail to take any action, which would in any material respect affect the validity or enforcement of the rights transferred to the Agent under this Agreement or the rights associated with the Patents or Licenses.

5. New Patents and Licenses. Borrower represents and warrants that, from and after the Closing Date, (a) the Patents listed on Schedule A include all of the patents and patent applications now owned or held by Borrower, (b) the Licenses listed on Schedule B include all of the patent license agreements under which Borrower is the licensee or licensor (other than those patent

license agreements which by their terms prohibit the grant of security contemplated by this Agreement) and (c) no liens, claims or security interests in such Patents and Licenses have been granted by Borrower to any Person other than the Agent. If, before this Agreement terminates, Borrower shall (i) obtain rights to any new patentable inventions, (ii) become entitled to the benefit of any patent, patent application, license or any reissue, division, continuation, renewal, extension or continuation-in-part of any Patent or any improvement on any Patent or License, or (iii) enter into any new patent license agreement, the provisions of paragraph 3 above shall automatically apply thereto. Borrower shall notify the Agent in writing of events described in clauses (i), (ii) and (iii) of the preceding sentence promptly after the occurrence thereof, but in any event at least once every calendar quarter in which one or more such events shall occur. The Agent may modify this Agreement unilaterally (i) by amending Schedule A to include any future patents and patent applications and by amending Schedule B to include any future patent license agreements, which are Patents or Licenses under paragraph 3 above or under this paragraph 5, and (ii) by filing, in addition to and not in substitution for this Agreement, a duplicate original of this Agreement containing on Schedule A or B thereto, as the case may be, such future patents and patent applications, and patent license agreements.

6. Royalties. The Agent's use of the Patents and Licenses as authorized hereunder in connection with its exercise of its rights and remedies under paragraph 14 or pursuant to Section 17 of the Security Agreement shall be coextensive with Borrower's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Agent or the other Holders of Secured Obligations to Borrower or any other party.

7. Right to Inspect; Further Assignments and Security Interests. The Agent may at all reasonable times and upon reasonable notice (and at any time when an Unmatured Default or Default exists) have access to, examine, audit, make copies (at Borrower's expense) and extracts from and inspect Borrower's premises and examine Borrower's books, records and operations relating to the Patents and Licenses; provided, that in conducting such inspections and examinations, the Agent shall use reasonable efforts not to disturb unnecessarily the conduct of Borrower's ordinary business operations. After a Default occurs, the Agent, or a conservator appointed by the Agent, shall have the right to establish such reasonable additional product quality controls as the Agent or such conservator, in its sole and absolute judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Patents and the Licenses or in connection with which such Patents and Licenses are used, except to the extent that the imposition of such additional product quality controls upon a third party violates the provisions of any License. Borrower (i) shall not sell or assign its respective interests in, or grant any license under, the Patents or the Licenses without the prior and express written consent of the Agent, and (ii) shall not change the quality of such products in any material respect without the Agent's prior written consent.

8. Nature and Continuation of the Agent's Security Interest; Termination of the Agent's Security Interest. This Agreement is made for collateral security purposes only; it creates a continuing security interest in the Patents and Licenses and shall terminate only when the Secured Obligations then due and owing have been paid in full and the Credit Agreement and the Security Agreement have been terminated. When this Agreement has terminated, the Agent shall promptly execute and deliver to Borrower, at Borrower's expense, all termination statements and other instruments as may be necessary or proper to terminate the Agent's security interest in the Patents and the Licenses, subject to any disposition thereof which may have been made by the Agent pursuant to this Agreement or the Security Agreement.

9. Duties of Borrower. Borrower shall, to the extent reasonable and desirable in the normal conduct of Borrower's business: (i) prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, and (ii) make application on unpatented but patentable inventions. Borrower shall not abandon any Patent or License without the Agent's prior written consent unless such abandonment is reasonable and desirable in the normal conduct of Borrower's business. Borrower shall use its best efforts to maintain in full force and effect the Patents and the Licenses that are or shall be necessary in or material to the operation of Borrower's business. Borrower shall bear any expenses incurred in connection with the foregoing. Neither the Agent nor any of the Holders of Secured Obligations shall have any duty with respect to the Patents and Licenses. Without limiting the foregoing, neither the Agent nor any of the Holders of Secured Obligations shall be obligated to take any steps necessary to preserve rights in the Patents or Licenses against any other parties, but the Agent may do so at its option if a Default has occurred and is continuing, and all expenses incurred in connection therewith shall be for the Borrower's sole account and shall be added to the Secured Obligations secured hereby.

10. The Agent's Right to Sue. If a Default has occurred and is continuing, the Agent shall have the right, but shall not be obligated, to bring suit in its own name to enforce the Patents and the Licenses and, if the Agent shall commence any such suit, Borrower shall, at the request of the Agent, do any and all lawful acts and execute any and all proper documents required by the Agent in aid of such enforcement. Borrower shall, upon demand, promptly reimburse the Agent for all costs and expenses incurred by the Agent in the exercise of its rights under this paragraph 10 (including, without limitation, reasonable fees and expenses of attorneys and paralegals for the Agent).

11. Waivers. The Agent's failure, at any time or times hereafter, to require strict performance by Borrower of any provision of this Agreement shall not waive, affect or diminish any right of the Agent thereafter to demand strict compliance and performance therewith nor shall any course of dealing between Borrower and the Agent have such effect. No single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. None of the Borrower's undertakings, agreements, warranties, covenants and representations contained in this Agreement shall be deemed to have been suspended or waived by the Agent unless such suspension or waiver is in writing signed by an officer of the Agent and directed to Borrower specifying such suspension or waiver.

12. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but the provisions of this Agreement are severable. If any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part hereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

13. Modification. This Agreement cannot be altered, amended or modified in any way, except as specifically provided in paragraph 5 hereof or by a writing signed by the parties hereto.

14. Cumulative Remedies; Power of Attorney. Borrower irrevocably designates, constitutes and appoints the Agent (and all Persons designated by the Agent in its sole and absolute discretion) as Borrower's true and lawful attorney-in-fact, and authorizes the Agent and any of the Agent's designees, in Borrower's or the Agent's name, if a Default has occurred and is continuing and

the Agent notifies Borrower that it intends to enforce its rights and claims against Borrower, to take any action and execute any instrument which the Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for the Agent in the use of the Patents or the Licenses, (ii) assign, pledge, convey or otherwise transfer title in or dispose of the Patents or the Licenses to anyone on commercially reasonable terms, (iii) grant or issue any exclusive or nonexclusive license under the Patents or, to the extent permitted, under the Licenses, to anyone on commercially reasonable terms, and (iv) take any other actions with respect to the Patents or the Licenses as the Agent deems in its own or the Holders of Secured Obligations' best interest. Borrower ratifies all that such 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 until all of the Secured Obligations then due and owing have been paid in full and the Credit Agreement has been terminated. This Agreement is not intended to limit or restrict in any way the Agent's or the Holders of Secured Obligations' rights and remedies under the Security Agreement, but rather is intended to facilitate the exercise of such rights and remedies.

The Agent shall have, in addition to all other rights and remedies given it by the terms of this Agreement, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Patents or the Licenses may be located or deemed located. If a Default has occurred and is continuing and the Agent has elected to exercise any of its remedies under Section 9-504 or Section 9-505 of the Uniform Commercial Code with respect to the Patents and Licenses, Borrower shall assign, convey and otherwise transfer title in and to the Patents and the Licenses to the Agent or any Person designated by the Agent and shall execute and deliver to the Agent or any such Person all such agreements, documents and instruments as may be necessary, in the Agent's sole discretion, to effect such assignment, conveyance and transfer. All of the Agent's rights and remedies with respect to the Patents and the Licenses, whether established hereby, by the Security Agreement, by any other agreements or by law, shall be cumulative and may be exercised separately or concurrently. Notwithstanding anything set forth herein to the contrary, Borrower and the Agent expressly agree that if a Default has occurred and is continuing, the Agent may exercise any of the rights and remedies provided in this Agreement, the Security Agreement and any of the other Loan Documents. Borrower agrees that any notification of intended disposition of any of the Patents and Licenses required by law shall be deemed reasonably and properly given if given at least ten (10) days before such disposition; provided, however, that the Agent may give any shorter notice that is commercially reasonable under the circumstances. In the event of any conflict between the provisions of this Agreement and the Security Agreement, the terms and conditions of the Security Agreement shall govern.

15. Successors and Assigns. This Agreement shall be binding upon Borrower and its successors and assigns, and shall inure to the benefit of each of the Holders of Secured Obligations and its nominees, successors and assigns. Borrower's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession of or for Borrower; provided, however, that Borrower shall not voluntarily assign or transfer its rights or obligations hereunder without the Agent's prior written consent.

16. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED AND THE RIGHTS AND DUTIES OF THE PARTIES SHALL BE

GOVERNED IN ALL RESPECTS BY THE INTERNAL LAWS (INCLUDING 735 ILCS 105/5-1 ET SEQ. BUT OTHERWISE WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) AND DECISIONS OF THE STATE OF ILLINOIS.

17. Notices. All notices or other communications hereunder shall be given in the manner and to the addresses set forth in the Credit Agreement.

18. Section Titles. The section titles herein are for convenience of reference only, and shall not affect in any way the interpretation of any of the provisions hereof.

19. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate 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.

20. Merger. This Agreement represents the final agreement of the Borrower with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Borrower and the Agent or any Lender.

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

THE UNITED STATES PLAYING CARD COMPANY

By: Charles Runk
Title: President
Charles R. Runk

Accepted and agreed to as of the day and year first above written.

BANK ONE, NA
(Main Office Chicago), as Agent

By: _____
Title: _____

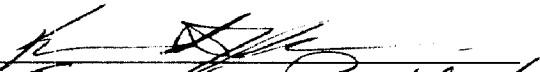
IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

THE UNITED STATES PLAYING CARD
COMPANY

By: _____
Title: _____

Accepted and agreed to as of the day and year first
above written.

BANK ONE, NA
(Main Office Chicago), as Agent

By: 
Title: First Vice President

SCHEDULE A
TO
PATENT SECURITY AGREEMENT

Registered Patents and Patent Applications

PATENTS-United States of America⁴

THE UNITED STATES PLAYING CARD COMPANY

PATENT TITLE	COUNTRY PATENT/APP. NO	STATUS	ISSUE / FILIN G DATE
LAMINATED PLAYING CARD	US 5,654,050	Granted	8/5/97

⁴ Disclosure as to U.S. Patents only

SCHEDULE B
TO
PATENT SECURITY AGREEMENT

License Agreements

None

STATE OF OHIO)
) SS
COUNTY OF Hamilton)

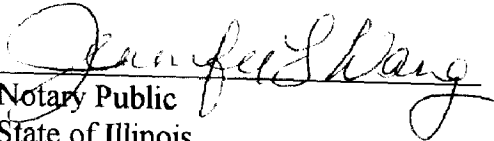
The foregoing Patent Security Agreement was acknowledged before me this 28th day of February, 2000, by Charles R. Zunk, President of The United States Playing Card Company, a Delaware corporation, on behalf of such corporation.

Kimberly D. Bush
Notary Public
Ham. County, Ohio
My commission expires: 6/14/03

KIMBERLY BUSH
Notary Public, State of Ohio
My Commission Expires June 14, 2003

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The foregoing Patent Security Agreement was acknowledged before me this 29th day of February, 2000, by Kenneth J. Kramer, a First Vice President of Bank One, NA, with its principal office in Chicago, Illinois, a national banking association, on behalf of such association.


Notary Public
State of Illinois
My commission expires: 6/30/03

