

11-13-2002  
102278860

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

## 1. Name of conveying party(ies):

BK Entertainment Inc.

11-6-02

## 2. Name and address of receiving party(ies)

Name: Contrarian Capital Management, LLC

Internal Address: \_\_\_\_\_

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

## 3. Nature of conveyance:

☐

Assignment

☐

Merger

☒

Security Agreement

☐

Change of Name

☐

Other \_\_\_\_\_

Street Address: 411 W. Putnam Avenue, Ste 225

City: Greenwich State: CT Zip: 06830

Execution Date: 08-30-2002

Additional name(s) & address(es) attached? ☐ Yes ☒ No

## 4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

A. Patent Application No.(s) \_\_\_\_\_

B. Patent No.(s) 6168155

6095705

Additional numbers attached? ☒ Yes ☐ No

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

Name: Richard L. Moss, Esq.

Internal Address: Kramer Levin Naftalis &amp;

Frankel, LLP

Street Address: 919 Third Avenue

City: New York State: NY Zip: 10022

## 6. Total number of applications and patents involved: 9

7. Total fee (37 CFR 3.41).....\$ 360.00

☒

Enclosed

☐

Authorized to be charged to deposit account

## 8. Deposit account number:

50-0540

DO NOT USE THIS SPACE

## 9. Signature.

Richard L. Moss

Name of Person Signing

Richard L. Moss

Signature

11-05-2002

Date

Total number of pages including cover sheet, attachments, and documents: 8

11/13/2002 LNUELLER 00000078 6168155

Mail documents to be recorded with required cover sheet information to:

Commissioner of Patents & Trademarks, Box Assignments  
Washington, D.C. 20231

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RECORDATION FORM COVER SHEET  
CONTINUATION  
PATENTS ONLY

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

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Enter additional Conveying Parties

Name (line 1)

Execution Date  
Month Day Year

Name (line 2)

Execution Date  
Month Day Year

Name (line 1)

Name (line 2)

Execution Date  
Month Day Year

Name (line 1)

Name (line 2)

Receiving Party(ies)

☐ Mark if additional names of receiving parties attached

Enter additional Receiving Party(ies)

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

☐ 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)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

☐ 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.)

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)

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Patent Number(s)

5685541	5338042	<input type="text"/>
5607145	5160146	<input type="text"/>
5489091	<input type="text"/>	<input type="text"/>
5467996	<input type="text"/>	<input type="text"/>
5419592	<input type="text"/>	<input type="text"/>

**SUBORDINATED PATENT MORTGAGE**

THIS SUBORDINATED PATENT MORTGAGE (this "Mortgage"), made as of the 30th day of August, 2002, is between BK ENTERTAINMENT, INC., a Delaware corporation ("BK"), and CONTRARIAN CAPITAL MANAGEMENT, LLC, a Delaware limited liability company, as agent (in such capacity, the "Agent") for Contrarian Funds, LLC, a Delaware limited liability company (and together with the Agent, the "Contrarian Lenders").

**W I T N E S S E T H**

WHEREAS, pursuant to that certain Loan and Security Agreement of even date herewith among BK, Western Bingo Supplies, Inc., a California corporation ("Western"), Video King Gaming Systems, Inc., a Colorado corporation ("Video King" and with Western and BK, the "Borrowers"), Foothill Capital Corporation ("Foothill") and certain other Lenders from time to time party thereto (collectively with Foothill, "Foothill Lenders") (as the same may hereafter be amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), Foothill Lenders have agreed to make certain loans to Borrowers, and to extend certain other financial accommodations to or for the benefit of Borrowers;

WHEREAS, BK has executed and delivered a Subordinated Promissory Note, dated the date hereof (the "Note"), to Agent in respect of the loan made by Contrarian Lenders to BK which loan is being secured by a Lien on the assets of BK and certain of its Subsidiaries which is subordinated to the Lien on such assets in favor of Foothill Lenders.

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, BK and Agent, on behalf of itself and the Contrarian Lenders, agree as follows:

1. Incorporation of Note; Note Definitions. The Note and the provisions thereof are hereby incorporated herein in its entirety by this reference thereto. Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Note or in the Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interest. To secure the complete and timely payment and satisfaction of the Obligations, BK hereby grants to Agent, on behalf of itself and the Contrarian Lenders, and hereby reaffirms its prior grant pursuant to the Note of, a continuing security interest in BK's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule A attached hereto and made a part hereof, and the reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of

the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patents").

3. New Patents. BK represents and warrants that the Patents listed on Schedule A constitute all of the federally registered Patents now owned by BK. If, before the Obligations shall have been satisfied in full and the Note has been terminated, BK shall obtain any new federally registered Patents, BK shall give Agent prompt written notice thereof. BK hereby agrees that, upon Agent's written request, BK will execute and deliver to Agent one or more supplements to this Mortgage, each in form and content substantially similar to this Mortgage, in respect of any and all new federally registered Patents owned by BK.

4. Term. The term of the security interests granted herein shall extend until the Obligations have been paid in full and the Note has been terminated in accordance with their terms.

5. Effect on Other Agreements; Cumulative Remedies. At any time an Event of Default exists or has occurred and is continuing, Agent shall have all rights and remedies provided in this Mortgage, the Note, the other Subordinated Loan Documents, the Uniform Commercial Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by BK, except as such notice or consent is expressly provided for hereunder or in the Note or as required by applicable law. BK acknowledges and agrees that this Mortgage is not intended to limit or restrict in any way the rights and remedies of the Contrarian Lenders under the Note but rather is intended to supplement and facilitate the exercise of such rights and remedies. All of the rights and remedies of Agent with respect to the Patents, whether established hereby, by the Note, by any other agreements, or by law, shall be cumulative and may be exercised singularly or concurrently.

6. Binding Effect; Benefits. This Mortgage shall be binding upon BK and its successors and assigns, and shall inure to the benefit of the Contrarian Lenders and their successors and assigns.

7. APPLICABLE LAW; SEVERABILITY. THIS MORTGAGE SHALL BE CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH, AND GOVERNED BY, ALL OF THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND BY THE OTHER INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK. WHENEVER POSSIBLE, EACH PROVISION OF THIS MORTGAGE SHALL BE INTERPRETED IN SUCH A MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS MORTGAGE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISIONS OR THE REMAINING PROVISIONS OF THIS MORTGAGE.

8. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

9. Further Assurances. BK agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Agent shall reasonably request from time to time in order to carry out the purposes of this Mortgage and the agreements set forth herein.

10. Survival of Representations. All representations and warranties of BK contained in this Mortgage shall survive the execution and delivery of this Mortgage.

11. Notices. Notices given hereunder shall be in compliance with Section 23 of the Note.

12. Subordination of this Security Agreement. The parties hereto acknowledge and confirm that the terms and provisions of the Subordination Agreement are binding on each party hereto. Notwithstanding anything contained in this Mortgage, the Note or any other Subordinated Loan Document to the contrary, any and all rights and remedies of Agent and Contrarian Lenders are subject to the terms and conditions of the Subordination Agreement. In the event of a conflict between this Mortgage, on the one hand, and the Subordination Agreement, on the other hand, the terms and provisions of the Subordination Agreement shall govern.

13. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by BK. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Contrarian Lenders in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Patents or in defending or prosecuting any actions or proceedings arising out of or related to the Patents shall be borne by and paid by BK and until paid shall constitute Obligations. In the event that any of such fees, costs and expenses are not paid when due, the amount due in respect thereof shall be added to the Total Principal Amount.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Subordinated Patent Mortgage as of the date first above written.

BK ENTERTAINMENT, INC.

By: \_\_\_\_\_  
Name: DOUGLAS RYE  
Title: SECRETARY

Accepted and Agreed to as of the date first written above:

CONTRARIAN CAPITAL MANAGEMENT, LLC,  
as Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CONTRARIAN FUNDS, LLC

By: CONTRARIAN CAPITAL MANAGEMENT, LLC, as manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly executed this Subordinated Patent Mortgage as of the date first above written.

BK ENTERTAINMENT, INC.

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted and Agreed to as of the date first written above:

CONTRARIAN CAPITAL MANAGEMENT, LLC,  
as Agent

By: Janice M. Stanton

Name: \_\_\_\_\_

Title: JANICE M. STANTON  
MEMBER

CONTRARIAN FUNDS, LLC

By: CONTRARIAN CAPITAL MANAGEMENT, LLC, as manager

By: Janice M. Stanton

Name: \_\_\_\_\_

Title: JANICE M. STANTON  
MEMBER

**SCHEDULE A****PATENTS**

<b>Patent Description</b>	<b>U.S. Patent No.</b>	<b>Issue Date</b>
Random selection game device	6168155	01/02/01
Fluid applicator	6095705	08/01/00
Multiple-field game card having removable coating	5685541	11/11/97
Method for printing books of bingo paper	5607145	03/04/97
Method and apparatus for printing and collating packets of nonrepeating images on a base web	5489091	02/06/96
Multiple bingo game apparatus	5467996	11/21/95
Bingo-game marker with revealable, concealed imprint	5419592	05/30/95
Method of playing multiple bingo game apparatus	5338042	08/16/94
Multiple bingo game apparatus	5160146	11/03/92

**PATENT APPLICATIONS**

<b>Patent Application Description</b>	<b>U.S. Patent Application No.</b>	<b>Date Applied</b>
NONE		