

**PATENT ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	SECURITY AGREEMENT
<b>CONVEYING PARTY DATA</b>	
<b>Name</b>	<b>Execution Date</b>
Destiny Plastics, Inc.	03/25/2002
<b>RECEIVING PARTY DATA</b>	
<b>Name:</b>	A-1 Business Products, Inc.
<b>Street Address:</b>	1901 Avenue of the Stars, Ste 300
<b>Internal Address:</b>	c/o Gershuni & Katz, a Law Corp.
<b>City:</b>	Los Angeles
<b>State/Country:</b>	CALIFORNIA
<b>Postal Code:</b>	90067
<b>PROPERTY NUMBERS Total: 1</b>	
<b>Property Type</b>	<b>Number</b>
<b>Patent Number:</b>	D486694
<b>CORRESPONDENCE DATA</b>	
<b>Fax Number:</b>	(310)282-8149
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
<b>Phone:</b>	310-282-8580
<b>Email:</b>	lgold@gershunikatz.com
<b>Correspondent Name:</b>	Leslie S. Gold, Esq.
<b>Address Line 1:</b>	1901 Avenue of the Stars, Ste 300
<b>Address Line 4:</b>	Los Angeles, CALIFORNIA 90067
<b>NAME OF SUBMITTER:</b>	Leslie S. Gold
<b>Total Attachments: 16</b> source=Security Agreement with Addendum#page1.tif source=Security Agreement with Addendum#page2.tif source=Security Agreement with Addendum#page3.tif source=Security Agreement with Addendum#page4.tif source=Security Agreement with Addendum#page5.tif source=Security Agreement with Addendum#page6.tif	

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**FACTORING AND SECURITY AGREEMENT**

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THIS FACTORING AND SECURITY AGREEMENT is made as of March ~~26~~ 25, 2002 by and between **Destiny Plastics, Inc.** ("Seller") and **Premium Financial Services** ("Purchaser").

1. **Definitions.** The following terms used herein shall have the following meaning. All capitalized terms not herein defined shall have the meaning set forth in the Uniform Commercial Code:

1.1. **"Avoidance Claim"** - any claim that any payment received by Purchaser from or for the account of an Account Debtor is avoidable under the Bankruptcy Code or any other debtor relief statute.

1.2. **"Chosen State:** California.

1.3. **"Closed"** - a Purchased Account is closed upon the first to occur of (i) receipt of full payment by Purchaser or (ii) the unpaid Face Amount has been charged to the Reserve Account by Purchaser pursuant to the terms hereof.

1.4. **"Collateral"** - all now owned and hereafter acquired personal property and fixtures, and proceeds thereof, (including proceeds of proceeds) including without limitation Accounts, including health-care insurance receivables, Chattel Paper, Inventory, Equipment, Instruments, including Promissory Notes, Investment Property, Documents, and General Intangibles

1.5. **"Eligible Account"** - an Account which is acceptable for purchase as determined by Purchaser in the exercise of its reasonable sole credit or business judgment.

1.6. **"Events of Default"** - See Section . 12.1.

1.7. **"Face Amount"** - the face amount due on an Account at the time of Purchase.

1.8. **"Factoring Fee"** - a percent of the Face Amount of a Purchased Account based on the period of time from the Purchase Date to the date on which the Purchased Account is closed.  
**Fee Plan 134**

1.9. **"Invoice"** - the document that evidences or is intended to evidence an Account. Where the context so requires, reference to an Invoice shall be deemed to refer to the Account to which it relates.

1.10. **"Late Payment Date"** - the date which is 200 days from the date on which a Purchased Account was Purchased.

1.11. **"Late Payment Interest Charge"** - 4 % percent per month.

1.12. **"Maximum Credit Limit"**- \$200,000.00

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1.13. **"Misdirected Payment Fee"** - fifteen percent (15%) of the amount of any payment on account of a Purchased Account which has been received by Seller and not delivered in kind to Purchaser on the next business day following the date of receipt by Seller.

1.13.1 **"Missing Notation Fee"** - 15% of the Face Amount, on any invoice where the Post Office Box 7025, Santa Monica, CA 90401 is not noted.

1.14. **"Obligations"** - all present and future obligations owing by Seller to Purchaser whether or not for the payment of money, whether or not evidenced by any note or other instrument, whether direct or indirect, absolute or contingent, due or to become due, joint or several, primary or secondary, liquidated or unliquidated, secured or unsecured, original or renewed or extended, whether arising before, during or after the commencement of any Bankruptcy Case in which Seller is a Debtor, including but not limited to any obligations arising pursuant to letters of credit or acceptance transactions or any other financial accommodations.

1.15. **"Parties"** - Seller and Purchaser.

1.16. **"Purchase Date"** - the date on which Seller has been advised in writing that Purchaser has agreed to purchase an Account.

1.17. **"Purchase Price"** - the Face Amount.

1.18. **"Purchased Accounts"** - Accounts purchased hereunder which have not been Repurchased.

1.19. **"Repurchased"** - an Account has been repurchased when Seller has paid to Purchaser the then unpaid Face Amount.

1.20. **"Required Reserve Amount"** - the Reserve Percentage multiplied by the unpaid balance of Purchased Accounts.

1.21. **"Reserve Account"** - a bookkeeping account on the books of the Purchaser representing an unpaid portion of the Purchase Price, maintained by Purchaser to ensure Seller's performance with the provisions hereof.

1.22. **"Reserve Percentage"** - 20%.

1.23. **"Reserve Shortfall"** - the amount by which the Reserve Account is less than the Required Reserve Amount.

1.24. **"Schedule of Accounts"** - a form supplied by Purchaser from time to time wherein Seller lists such of its Accounts as it requests that Purchaser purchase under the terms of this Agreement.

## 2. Sale; Purchase Price; Billing; Reserve

### 2.1. Assignment and Sale.

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2.1.1. Seller shall sell to Purchaser as absolute owner, with full recourse, such of Seller's Accounts as are listed from time to time on Schedules of Accounts.

2.1.2. Each Schedule of Accounts shall be accompanied by such documentation supporting and evidencing the Account as Purchaser shall from time to time request.

2.1.3. Purchaser may (but need not) purchase from Seller such Accounts as Purchaser determines to be Eligible Accounts, so long as the unpaid balance of Purchased Accounts does not exceed, before and after such purchase, the Maximum Credit Limit.

2.1.4. Purchaser shall pay the Purchase Price, of any Purchased Account, less any amounts due to Purchaser from Seller, to Seller within two (2) business days of the Purchase Date, whereupon the Accounts shall be deemed purchased hereunder.

2.2. **Billing.** Purchaser may send a monthly statement to all Account Debtors itemizing their account activity during the preceding billing period. All Account Debtors will be instructed to make payments to Purchaser.

**2.3. Reserve Account.**

2.3.1. Seller shall pay to Purchaser on demand the amount of any Reserve Shortfall.

2.3.2. Purchaser shall pay to Seller upon Seller's request, any amount by which the Reserve Account exceeds the Required Reserve Amount.

2.3.3. Purchaser may charge the Reserve Account with any Obligation, including any amounts due from Seller to Purchaser hereunder.

2.3.4. Purchaser may pay any amounts due Seller hereunder by a credit to the Reserve Account;

2.3.5. Upon termination of this agreement Purchaser may retain the Reserve Account:

2.3.5.1. for ninety days thereafter to be applied to payment of any Obligations that were unknown to Purchaser at the time of termination, and

2.3.5.2. Unless and until Seller has executed and delivered to Purchaser a general release in the form of Exhibit B hereto.

3. **Authorization for Purchases.** Subject to the terms and conditions of this Agreement, Purchaser is authorized to purchase Accounts upon telephonic, facsimile or other instructions received from anyone purporting to be an officer, employee or representative of Seller.

4. **Fees and Expenses.** Seller shall pay to Purchaser:

4.1. **Factoring Fee.** The Factoring Fee on the date on which a Purchased Account is closed.

4.2. **Misdirected Payment Fee.** Any Misdirected Payment Fee immediately upon its accrual.

4.3. **Missing Notation Fee.** The Missing Notation Fee on any Invoice that is sent by Seller to an Account Debtor which does not contain the notice as required by Section 9.3 hereof.

4.4. **Late Payment Interest.** The Late Payment Interest Charge, on demand, on:

4.4.1. All past due amounts due from Seller to Purchaser hereunder; and

4.4.2. The amount of any Reserve Shortfall.

4.5. **Out-of-pocket Expenses.** The out-of-pocket expenses directly incurred by Purchaser in the administration of this Agreement such as wire transfer fees and outgoing overnight or expedited delivery fees.

5. **Chargeback of Accounts.** Purchaser may require that Seller repurchase, by payment of the then unpaid Face Amount thereof, together with any unpaid fees relating to the Purchased Account on demand:

5.1. Any Purchased Account, the payment of which has been disputed by the Account Debtor obligated thereon, Purchaser being under no obligation to determine the bona fides of such dispute;

5.2. Any Purchased Account for which Seller has breached its warranty under Section 11 hereunder.

5.3. Any Purchased Account owing from an Account Debtor which in Purchaser's reasonable credit judgement has become insolvent;

5.4. All Purchased Accounts upon the occurrence of an Event of Default, or upon the termination date of this Agreement; and

5.5. Any Purchased Account which remains unpaid beyond the Late Payment Date.

6. **Security Interest.**

6.1. As collateral securing the Obligations, Seller grants to Purchaser a continuing first priority security interest in and to the Collateral.

6.2. Notwithstanding the creation of the above security interest, the relationship of the parties shall be that of Purchaser and Seller of accounts, and not that of lender and borrower.

7. **Authorization to Purchaser.**

7.1. Seller hereby irrevocably authorizes Purchaser at Seller's expense, to exercise at any time any of the following powers until all of the Obligations have been paid in full: (a) receive, take, endorse, assign, deliver, accept and deposit, in the name of Purchaser or Seller, any and all

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cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to the Collateral or the proceeds thereof, (b) take or bring, in the name of Purchaser or Seller, all steps, actions, suits or proceedings deemed by Purchaser necessary or desirable to effect collection of or other realization upon the accounts and other Collateral, (c) after an Event of Default, change the address for delivery of mail to Seller and to receive and open mail addressed to Seller, (d) after an Event of Default, extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions, any and all accounts or other Collateral which includes a monetary obligation and discharge or release any account debtor or other obligor (including filing of any public record releasing any lien granted to Seller by such account debtor), without affecting any of the Obligations, (e) pay any sums necessary to discharge any lien or encumbrance which is senior to Purchaser's security interest in the Collateral, which sums shall be included as Obligations hereunder, and in connection with which sums the Late Payment Interest Charge shall accrue and shall be due and payable, (f) file in the name of Seller or Purchaser or both, (1) mechanics lien or related notices or (2) claims under any payment bond, in connection with goods or services sold by Seller in connection with the improvement of realty, and (g) notify any Account Debtor obligated with respect to any Account, that the underlying Account has been assigned to Purchaser by Seller and that payment thereof is to be made to the order of and directly and solely to Purchaser, and (h) communicate directly with Seller's Account Debtors to verify the amount and validity of any Account created by Seller.

7.2. The Seller irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements and amendments thereto that:

7.2.1. indicate the Collateral as all assets of the Seller or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or as being of an equal or lesser scope or with greater detail;

7.2.2. contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Seller is an organization, the type of organization, and any organization identification number issued to the Seller and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates; and

7.2.3. contain a notification that the Seller has granted a negative pledge to the Purchaser, and that any subsequent lienor may be tortuously interfering with Purchaser's rights;

7.3. advises third parties that any notification of Seller's Account Debtors will interfere with Purchaser's collection rights.

7.4. Seller hereby releases and exculpates Purchaser, its officers, employees and designees, from any liability arising from any acts under this Agreement or in furtherance thereof whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for willful misconduct. In no event will Purchaser have any liability to Seller for lost profits or other special or consequential damages. Without limiting the generality

of the foregoing, Seller releases Purchaser from any claims which Seller may now or hereafter have arising out of Purchaser's endorsement and deposit of checks issued by Seller's customers stating that they were in full payment of an account, but issued for less than the full amount which may have been owed on the account.

7.5. Seller authorizes Purchaser to accept, indorse and deposit on behalf of Seller any checks tendered by an account debtor "in full payment" of its obligation to Seller. Seller shall not assert against Purchaser any claim arising therefrom, irrespective of whether such action by Purchaser effects an accord and satisfaction of Seller's claims, under §3-311 of the Uniform Commercial Code, or otherwise.

8. **ACH Authorization**. In order to satisfy any of the Obligations, Purchaser is hereby authorized by Seller to initiate electronic debit or credit entries through the ACH system to any deposit account maintained by Seller wherever located. .

9. **Covenants By Seller**.

9.1. After written notice by Purchaser to Seller, and automatically, without notice, after an Event of Default, Seller shall not, without the prior written consent of Purchaser in each instance, (a) grant any extension of time for payment of any of the Accounts, (b) compromise or settle any of the Accounts for less than the full amount thereof, (c) release in whole or in part any Account Debtor, or (d) grant any credits, discounts, allowances, deductions, return authorizations or the like with respect to any of the Accounts.

9.2. From time to time as requested by Purchaser, at the sole expense of Seller, Purchaser or its designee shall have access, during reasonable business hours if prior to an Event of Default and at any time if on or after an Event of Default, to all premises where Collateral is located for the purposes of inspecting (and removing, if after the occurrence of an Event of Default) any of the Collateral, including Seller's books and records, and Seller shall permit Purchaser or its designee to make copies of such books and records or extracts therefrom as Purchaser may request. Without expense to Purchaser, Purchaser may use any of Seller's personnel, equipment, including computer equipment, programs, printed output and computer readable media, supplies and premises for the collection of accounts and realization on other Collateral as Purchaser, in its sole discretion, deems appropriate. Seller hereby irrevocably authorizes all accountants and third parties to disclose and deliver to Purchaser at Seller's expense all financial information, books and records, work papers, management reports and other information in their possession relating to Seller.

9.3. Before sending any Invoice to an Account Debtor, Seller shall mark same with a notice of assignment: **Destiny Plastics, Inc., Post Office Box 7025 Santa Monica, CA 90401** as may be required by Purchaser.

9.4. Seller shall pay when due all payroll and other taxes, and shall provide proof thereof to Purchaser in such form as Purchaser shall reasonably require.

9.5. Seller shall not create, incur, assume or permit to exist any lien upon or with respect to any Collateral now owned or hereafter acquired by Seller.

9.6. Seller shall maintain insurance on all insurable property owned or leased by Seller in the manner, to the extent and against at least such risks (in any event, including but not limited to fire and business interruption insurance) as usually maintained by owners of similar businesses and properties in similar geographic areas. All such insurance shall be in amounts and form and with insurance companies acceptable to Purchaser in its sole discretion. Seller shall furnish to Purchaser: (a) upon written request, any and all information concerning such insurance carried; (b) as requested by Purchaser, lender loss payable endorsements (or their equivalent) in favor of Purchaser. All policies of insurance shall provide for not less than thirty- (30) day's prior written cancellation notice to Purchaser.

9.7. Notwithstanding that Seller has agreed to pay the Misdirected Payment Fee, Seller shall deliver in kind to Purchaser on the next banking day following the date of receipt by Seller of the amount of any payment on account of a Purchased Account.

**9.8. Avoidance Claims.**

9.8.1. Seller shall indemnify Purchaser from any loss arising out of the assertion of any Avoidance Claim and shall pay to Purchaser on demand the amount thereof.

9.8.2. Seller shall notify Purchaser within two business days of it becoming aware of the assertion of an Avoidance Claim.

9.8.3. This provision shall survive termination of this Agreement.

10. **Account Disputes.** Seller shall notify Purchaser promptly of and, if requested by Purchaser, will settle all disputes concerning any Purchased Account, at Seller's sole cost and expense. Purchaser may, but is not required to, attempt to settle, compromise, or litigate (collectively, "Resolve") the dispute upon such terms as Purchaser in its sole discretion deem advisable, for Seller's account and risk and at Seller's sole expense. Upon the occurrence of an Event of Default Purchaser may Resolve such issues with respect to any Account of Seller.

11. **Representation and Warranty.** Seller represents and warrants that:

11.1. It is fully authorized to enter into this Agreement and to perform hereunder;

11.2. This Agreement constitutes its legal, valid and binding obligation; and

11.3. Seller is solvent and in good standing in the State of its organization.

11.4. The Purchased Accounts are and will remain:

11.4.1. bona fide existing obligations created by the sale and delivery of goods or the rendition of services in the ordinary course of Seller's business;

11.4.2. unconditionally owed and will be paid to Purchaser without defenses, disputes, offsets, counterclaims, or rights of return or cancellation;

11.4.3. Not sales to any entity which is affiliated with Seller or in any way not an "arms length" transaction.

11.5. Purchaser has not received notice of actual or imminent bankruptcy, insolvency, or material impairment of the financial condition of any applicable account debtor regarding Purchased Accounts.

## 12. Default.

12.1. **Events of Default.** The following events will constitute an Event of Default hereunder: (a) Seller defaults in the payment of any Obligations or in the performance of any provision hereof or of any other agreement now or hereafter entered into with Purchaser, or any warranty or representation contained herein proves to be false in any way, howsoever minor, (b) Seller or any guarantor of the Obligations becomes subject to any debtor-relief proceedings, (c) any such guarantor fails to perform or observe any of such Guarantor's obligations to Purchaser or shall notify Purchaser of its intention to rescind, modify, terminate or revoke any guaranty of the Obligations, or any such guaranty shall cease to be in full force and effect for any reason whatever, (d) Purchaser for any reason, in good faith, deems itself insecure with respect to the prospect of repayment or performance of the Obligations.

12.2. **Waiver of Notice. SELLER WAIVES ANY REQUIREMENT THAT PURCHASER INFORM SELLER BY AFFIRMATIVE ACT OR OTHERWISE OF ANY ACCELERATION OF SELLER'S OBLIGATIONS HEREUNDER. FURTHER, PURCHASER'S FAILURE TO CHARGE OR ACCRUE INTEREST OR FEES AT ANY "DEFAULT" OR "PAST DUE" RATE SHALL NOT BE DEEMED A WAIVER BY PURCHASER OF ITS CLAIM THERETO.**

## 12.3. **Effect of Default.**

12.3.1. Upon the occurrence of any Event of Default, in addition to any rights Purchaser has under this Agreement or applicable law, Purchaser may immediately terminate this Agreement, at which time all Obligations shall immediately become due and payable without notice.

12.3.2. The Late Payment Interest Charge shall accrue and is payable on demand on any Obligation not paid when due.

13. **Account Stated.** Purchaser shall render to Seller a statement setting forth the transactions arising hereunder. Each statement shall be considered correct and binding upon Seller as an account stated, except to the extent that Purchaser receives, within sixty (60) days after the mailing of such statement, written notice from Seller of any specific exceptions by Seller to that statement, and then it shall be binding against Seller as to any items to which it has not objected.

14. **Waiver.** No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which Purchaser may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any

acquiescence in any breach or default hereunder; nor shall any waiver by Purchaser of any breach or default by Seller hereunder be deemed a waiver of any default or breach subsequently occurring. All rights and remedies granted to Purchaser hereunder shall remain in full force and effect notwithstanding any single or partial exercise of, or any discontinuance of action begun to enforce, any such right or remedy. The rights and remedies specified herein are cumulative and not exclusive of each other or of any rights or remedies that Purchaser would otherwise have. Any waiver, permit, consent or approval by Purchaser of any breach or default hereunder must be in writing and shall be effective only to the extent set forth in such writing and only as to that specific instance.

**15. Termination; Effective Date.**

15.1. This Agreement will be effective when accepted by Purchaser and shall be further annually extended automatically unless Seller shall indicate its intention to terminate at least sixty days prior to the next anniversary date hereof, whereupon this Agreement shall terminate on the next anniversary date hereof.

15.2. Purchaser may terminate this Agreement at any time.

15.3. Upon termination, Seller shall pay the Obligations to Purchaser, and Purchaser shall not purchase any Accounts from Seller.

16. **Amendment.** Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

17. **No Lien Termination without Release.** In recognition of the Purchaser's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Seller, Purchaser shall not be required to record any terminations or satisfactions of any of Purchaser's liens on the Collateral unless and until Seller has executed and delivered to Purchaser a general release in the form of Exhibit B hereto. **Seller understands that this provision constitutes a waiver of its rights under §9-513 of the UCC.**

18. **Conflict.** Unless otherwise expressly stated in any other agreement between Purchaser and Seller, if a conflict exists between the provisions of this Agreement and the provisions of such other agreement, the provisions of this Agreement shall control.

19. **Survival.** All representations, warranties and agreements herein contained shall be effective so long as any portion of this Agreement remains executory.

20. **Severability.** In the event any one or more of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, then such provision shall be ineffective only to the extent of such prohibition or invalidity, and the validity, legality, and

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enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

21. **Enforcement.** This Agreement and all agreements relating to the subject matter hereof is the product of negotiation and preparation by and among each party and its respective attorneys, and shall be construed accordingly. The parties waive the provisions of California Civil Code §1654.

22. **Relationship of Parties.** The relationship of the parties hereto shall be that of Seller and Purchaser of Accounts, and Purchaser shall not be a fiduciary of the Seller, although Seller may be a fiduciary of the Purchaser.

23. **Attorneys Fees.** Seller agrees to reimburse Purchaser on demand for:

23.1. the actual amount of all costs and expenses, including attorneys' fees, which Purchaser has incurred or may incur in:

23.1.1. negotiating, preparing, or administering this Agreement and any documents prepared in connection herewith, all of which shall be paid contemporaneously with the execution hereof;

23.1.2. any way arising out of this Agreement;

23.1.3. protecting, preserving or enforcing any lien, security interest or other right granted by Seller to Purchaser or arising under applicable law, whether or not suit is brought, including but not limited to the defense of any Avoidance Claims;

23.2. the actual costs, including photocopying (which, if performed by Purchaser's employees, shall be at the rate of \$.10/page), travel, and attorneys' fees and expenses incurred in complying with any subpoena or other legal process attendant to any litigation in which Seller is a party;;

23.3. The actual amount of all costs and expenses, including attorneys' fees, which Purchaser may incur in enforcing this Agreement and any documents prepared in connection herewith, or in connection with any federal or state insolvency proceeding commenced by or against Seller, including those (i) arising out the automatic stay, (ii) seeking dismissal or conversion of the bankruptcy proceeding or (ii) opposing confirmation of Seller's plan thereunder.

24. **Entire Agreement.** This Agreement supersedes all other agreements and understandings between the parties hereto, verbal or written, express or implied, relating to the subject matter hereof. No promises of any kind have been made by Purchaser or any third party to induce Seller to execute this Agreement. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

25. **Choice of Law.** This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the Chosen State.

26. **JURY TRIAL WAIVER.** IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

27. **Venue; Jurisdiction.** The parties agree that any suit, action or proceeding arising out of the subject matter hereof, or the interpretation, performance or breach of this Agreement, shall, if Purchaser so elects, be instituted in any court sitting in the Chosen State (the "Acceptable Forums"). Each party agrees that the Acceptable Forums are convenient to it, and each party irrevocably submits to the jurisdiction of the Acceptable Forums, irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, and waives any and all objections to jurisdiction or venue that it may have under the laws of the Chosen State or otherwise in those courts in any such suit, action or proceeding. Should such proceeding be initiated in any other forum, Seller waives any right to oppose any motion or application made by Purchaser as a consequence of such proceeding having been commenced in a forum other than an Acceptable Forum.

28. **Notice.**

28.1. All notices required to be given to any party other than Purchaser shall be deemed given upon the first to occur of (i) deposit thereof in a receptacle under the control of the United States Postal Service, (ii) transmittal by electronic means to a receiver under the control of such party; or (iii) actual receipt by such party or an employee or agent of such party.

28.2. All notices to Purchaser hereunder shall be deemed given upon actual receipt by a responsible officer of Purchaser.

28.3. For the purposes hereof, notices hereunder shall be sent to the following addresses, or to such other addresses as each such party may in writing hereafter indicate:

**SELLER**

Address: 31981 Dove Canyon Drive  
Trabuco Canyon, CA 92679

Officer: Kevin S. McMullin-President  
Phone/Fax: 949-709-~~2683~~/949-709-2683  
1985

**PURCHASER**

Address: 233 Wilshire Boulevard #850  
Santa Monica CA 90401

Officer: Robert Schuster-President  
Phone/Fax: 310-656-~~6801~~/310-656-6801  
6800

29. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement by facsimile to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability, or binding effect of this Agreement.

30. **Assignment.** Purchaser may assign its rights and delegate its duties hereunder. Upon such assignment, Seller shall be deemed to have attorned to such assignee and shall owe the same obligations to such assignee and shall accept performance hereunder by such assignee as if such assignee were Purchaser.

IN WITNESS WHEREOF, the Parties have executed this agreement on the day and year first above written.

SELLER:

Destiny Plastics, Inc

By: Kevin S. McMullin

Name: Kevin S. McMullin

Title: President

PURCHASER:

Premium Financial Services

By: Robert Schuster

Name: Robert Schuster

Title: President

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**ADDENDUM**

This Addendum is to the Factoring and Security Agreement dated March 25, 2002, between Destiny Plastics, Inc., hereinafter "CLIENT" and PREMIUM FINANCIAL SERVICES, hereinafter "PFS".

Whereas CLIENT desires to continue factoring or otherwise extending credit under the original Factoring and Security Agreement and PFS desires to continue factoring or otherwise extending credit to CLIENT under the same original Factoring and Security Agreement, both parties hereby agree to the following change(s) to the Factoring and Security Agreement:

Increase in Credit Limit from \$200,000.00 to \$400,000.00.

All other provisions, rights, remedies and powers contained in the Factoring and Security Agreement remain in full force and effect.

Dated: April 18, 2003

PREMIUM FINANCIAL SERVICES

DESTINY PLASTICS, INC.

BY: *Robert Schuster*  
Robert Schuster-President

BY: *Kevin McMullin*  
Kevin McMullin-President



*Barry Langfelder - See Attached*

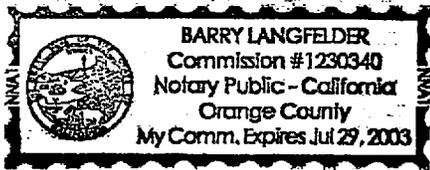
**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
County of Orange } ss.

On May 7, 2003 before me, Barry Langfelder, a Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
personally appeared Kevin McMullin

Name(s) of Signor(s)

personally known to me  
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Barry Langfelder  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

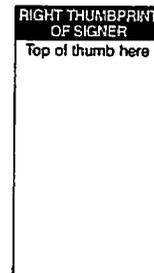
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_





### ADDENDUM

This Addendum is to the Factoring and Security Agreement dated March 25, 2002, and the Addendum to the Factoring and Security Agreement dated April 18, 2003, between Destiny Plastics, Inc., hereinafter "CLIENT" and PREMIUM FINANCIAL SERVICES, hereinafter "PFS".

Whereas CLIENT desires to continue factoring or otherwise extending credit under the original Factoring and Security agreement and PFS desires to continue factoring or otherwise extending credit to CLIENT under the same original Factoring and Security Agreement, both parties hereby agree to the following changes to the Factoring and Security Agreement:

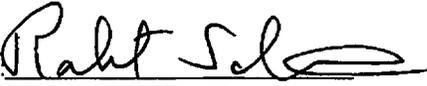
Increase in Maximum Credit Limit from \$400,000.00 to \$1,000,000.00

Replace Section 1.17 of the Factoring and Security Agreement with the following:  
"1.17. "Purchase Price" - the Face Amount less the Initial Fee."

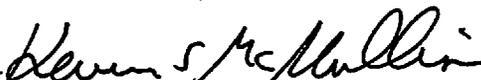
All other provisions, rights, remedies and powers contained in the Factoring and Security Agreement remain in full force and effect.

Dated: July 19, 2005

#### PREMIUM FINANCIAL SERVICES

BY:   
Robert Schuster, President

#### DESTINY PLASTICS, INC.

BY:   
Kevin S. McMullin, President



### ADDENDUM

This Addendum is to the Factoring and Security Agreement dated March 25, 2002, and the Addendum to the Factoring and Security Agreement dated April 18, 2003, between Destiny Plastics, Inc., hereinafter "CLIENT" and PREMIUM FINANCIAL SERVICES, hereinafter "PFS".

Whereas CLIENT desires to continue factoring or otherwise extending credit under the original Factoring and Security agreement and PFS desires to continue factoring or otherwise extending credit to CLIENT under the same original Factoring and Security Agreement, both parties hereby agree to the following changes to the Factoring and Security Agreement:

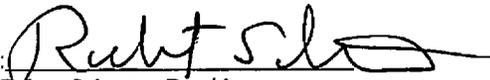
Increase in Maximum Credit Limit from \$400,000.00 to \$1,000,000.00

Replace Section 1.17 of the Factoring and Security Agreement with the following:  
"1.17. "Purchase Price" - the Face Amount less the Initial Fee."

All other provisions, rights, remedies and powers contained in the Factoring and Security Agreement remain in full force and effect.

Dated: November 3, 2005

#### PREMIUM FINANCIAL SERVICES

BY:   
Robert Schuster, President

#### DESTINY PLASTICS, INC.

BY:   
Kevin S. McMullin, President