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10-20-1998

FORM PTO-1594

(Rev. 6-93)

OMB No. 0651-0011 (exp. 4/94)



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U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

Tab settings

100853204

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

1. Name of conveying party(ies):

LCD Acquisition, L.L.C.
1400 BROADWAY, 20TH FLOOR
NEW YORK, NEW YORK

- Individual(s)
- General Partnership
- Corporation-State
- Other limited liability company

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

2. Name and address of receiving party(ies)

Name: BNY Financial Corporation

Internal Address:

Street Address: 1290 Avenue of the Americas

City: New York State: NY ZIP: 10104

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from assignment)

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: Oct 2, 98

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

75/326699 1,596,527 2,047,272

Additional numbers attached? Yes No

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

Name: Richard L. STEHL, Esq.

In Return To 83013 K

National Corporate Research, LTD.

225 W. 34th St., Suite 910

New York, N.Y. 10122

SI (800) 221-0102 (212) 947-7200

City: New York State: NY ZIP: 10169

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$ 90.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

01 FC:481
02 FC:482

40.00 DP
50.00 DP

DO NOT USE THIS SPACE

9. 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.

Richard L. STEHL
Name of Person Signing

Richard L. Stehl
Signature

10-2-98
Date

Total number of pages including cover sheet, attachments, and document: 14

MRD

TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT

AGREEMENT made this 2nd day of October, 1998 by and between **LCD ACQUISITION, L.L.C.**, a New York limited liability company ("**Debtor**"), with its chief executive office at 1400 Broadway, 20th Floor, New York, New York 10018 and **BNY FINANCIAL CORPORATION**, a New York corporation ("**Secured Party**"), having an office at 1290 Avenue of the Americas, New York, New York 10104.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Schedule A annexed hereto and made a part hereof; and

WHEREAS, Secured Party and Debtor are contemporaneously herewith entering into certain financing arrangements pursuant to which Secured Party may make loans and advances and provide other financial accommodations to Debtor as set forth in the Factoring Agreement, dated of even date herewith, by and among Secured Party and Debtor (the "**Factoring Agreement**"), together with various other agreements, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "**Agreements**"); and

WHEREAS, in order to induce Secured Party to enter into the Factoring Agreement and the other Agreements and to make loans and advances and provide other financial accommodations pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein.

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

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and hereby conditionally assigns and transfers to Secured Party: (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, tradestyles and service marks; all prints and labels on which said trademarks, trade names, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and

recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, designs and applications described in Schedule A hereto (the "**Trademarks**"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and (c) any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "**Collateral**").

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement shall secure the prompt performance, observance and payment in full of all amounts of any nature whatsoever, direct or indirect, absolute or contingent, due or to become due, arising or incurred heretofore or hereafter, arising under this or any other Agreement or by operation of law, now or hereafter owing by Debtor to Secured Party or to any parent, subsidiary or affiliate of Secured Party. Said amounts include, but are not limited to loans, debts and liabilities heretofore or hereafter acquired by purchase or assignment from other present or future clients of Secured Party, or through participation. Without limiting the foregoing, such amounts shall include all advances, loans, interest, commissions, customer late payment charges, cost, fees, expenses, taxes and all receivables charged or chargeable to Debtor's account under the Factoring Agreement, whether arising under this agreement, the other Agreements or by operation of law and whether incurred by Debtor as principal, surety, endorser, guarantor or otherwise (all hereinafter referred to as "**Obligations**").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants to Secured Party the following (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which, or compliance with, being a continuing condition of the making of loans by Secured Party to Debtor under the Agreements:

(a) Debtor will pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and existing in full force and effect, and Debtor owns the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting and registered trademarks, including, without limitation, the filing of

any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever, except the security interests granted hereunder and the licenses permitted under Section 3(e) below.

(c) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating thereto, except as permitted herein, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this or any other similar security agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

(e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedule A annexed hereto and has not granted any licenses with respect thereto other than as set forth in Schedule B hereto.

(f) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit 1 annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder including but not limited to all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the then applicable rate set forth in the Agreements and shall be part of the Obligations secured hereby.

(h) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, any state therein, or any other country, unless Debtor has by thirty (30) days prior written notice informed Secured Party of such action. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark.

(i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor will render any assistance necessary to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(k) Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in its discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labelling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(m) Debtor will promptly pay Secured Party for any and all expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such

expenditures shall be payable on demand, together with interest at the then applicable rate set forth in the Financing Agreements and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any one or more defaults or events of default under the Agreements (each an "**Event of Default**" hereunder).

5. RIGHTS AND REMEDIES

Upon the occurrence of any such Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Financing Agreements or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder.

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any purpose whatsoever. Secured Party may make use of any Trademarks for the sale of goods, completion of work in process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary of Debtor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of ten (10) days notice in the manner set forth in subparagraph 6(b) hereof shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to Subparagraph 5(c) hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Subparagraph 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, legal expenses and reasonable attorneys' fees and legal expenses.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at a rate equal to the highest rate then payable on the Obligations.

(f) Debtor shall supply to Secured Party or its designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Agreements, this agreement, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. MISCELLANEOUS

(a) Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party or Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

(b) Any notices or request hereunder may be given to Debtor or Secured Party at the respective addresses set forth below or as may hereafter be specified in a notice designated as a change of address under this Subparagraph 6(b). Any notice or request hereunder shall be given by registered or certified mail, return receipt requested, or by overnight mail or by telecopy (confirmed by mail). Notices and requests shall be, in the case of those by mail or overnight mail, deemed to have been given when deposited in the mail or with the overnight mail carrier, and in the case of telecopy, when confirmed. Notices shall be provided as follows:

If to Debtor: **LCD ACQUISITION, L.L.C.**
1400 Broadway, 20th Floor
New York, New York 10018
Attention: President
Telephone: _____
Facsimile: _____

If to Secured Party: **BNY FINANCIAL CORPORATION**
1290 Avenue of the Americas
New York, New York 10104
Attention: Mr. Frank Imperato
Telephone: 212 408-7026
Facsimile: 212 408-7162

(c) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this agreement.

(d) All references to Debtor and Secured Party herein shall include their respective successors and assigns. All references to the term "person" or "Person" herein shall mean any individual, sole proprietorship, limited partnership, general partnership, corporation (including a business trust), unincorporated association, joint stock corporation, trust, joint venture, association, organization or other entity or government or any agency or instrumentality or political subdivision thereof.


(e) This Agreement shall be binding upon and for the benefit of the parties hereto and their respective successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(f) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SECURED PARTY SHALL HAVE THE RIGHTS AND REMEDIES OF A SECURED PARTY UNDER APPLICABLE LAW INCLUDING, BUT NOT LIMITED TO, THE UNIFORM COMMERCIAL CODE OF NEW YORK. DEBTOR AGREES THAT ALL

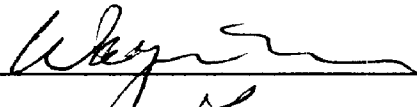
ACTIONS AND PROCEEDINGS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT OR ANY OTHER AGREEMENT OR ANY OBLIGATION SHALL BE LITIGATED IN THE FEDERAL DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK OR, AT SECURED PARTY'S OPTION IN ANY OTHER COURTS LOCATED IN NEW YORK STATE OR ELSEWHERE AS SECURED PARTY MAY SELECT AND THAT SUCH COURTS ARE CONVENIENT FORUMS AND DEBTOR SUBMITS TO THE PERSONAL JURISDICTION OF SUCH COURTS. DEBTOR WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS THAT SERVICE OF PROCESS UPON DEBTOR MAY BE MADE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, DIRECTED TO DEBTOR AT DEBTOR'S ADDRESS APPEARING ON SECURED PARTY'S RECORDS, AND SERVICE SO MADE SHALL BE DEEMED COMPLETED TWO (2) DAYS AFTER THE SAME SHALL HAVE BEEN SO MAILED. BOTH PARTIES HERETO WAIVE THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BETWEEN DEBTOR AND SECURED PARTY AND DEBTOR WAIVES THE RIGHT TO ASSERT, IN ANY ACTION OR PROCEEDING INSTITUTED BY SECURED PARTY WITH REGARD TO THIS AGREEMENT OR ANY OF THE OBLIGATIONS, ANY OFFSETS OR COUNTERCLAIMS WHICH IT MAY HAVE.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

**LCD ACQUISITION, L.L.C., by
F.Y.I. ACQUISITION, L.L.C., its member**

By: 
Title: Member

BNY FINANCIAL CORPORATION

By: 
Title: VP

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

As of this 2nd day of October, 1998, before me personally came Danny Chow, to me known, who being duly sworn, did depose and say, that he is the member of F.Y.I. ACQUISITION, L.L.C., the member of LCD ACQUISITION, L.L.C., the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by order of the members of said limited liability company.




Notary Public

ELLEN M. ALLEN
Notary Public, State of New York
No. 01AL5067123
Qualified in Suffolk County 2000
Commission Expires March 18, 2000

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

As of this 2nd day of October, 1998, before me personally came Wayne Miller, to me known, who, being duly sworn, did depose and say, that he is a Vice President of BNY FINANCIAL CORPORATION, the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.



Notary Public

ELLEN M. ALLEN
Notary Public, State of New York
No. 01AL5067123
Qualified in Suffolk County 2000
Commission Expires March 18, 2000

SCHEDULE A**LIST OF TRADEMARKS AND APPLICATIONS**

<u>Trademark</u>	<u>Registration Number</u>	<u>Registration Date</u>
Jill Jason	751326699	
Lady Carol	1,596,527	5/15/90
Lorac Original	2,047,272	3/25/97

SCHEDULE B
PERMITTED LIENS AND LICENSES

None

EXHIBIT 1

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that **LCD ACQUISITION, L.L.C.** ("**Debtor**"), having an office at 1400 Broadway, 20th Floor, New York, New York 10018, hereby appoints and constitutes, severally, **BNY FINANCIAL CORPORATION** ("**Secured Party**"), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney, being a power coupled with an interest, is made pursuant to a Trademark Collateral Assignment and Security Agreement between Debtor and Secured Party, of even date herewith (the "**Security Agreement**") and may not be revoked until indefeasible payment in full of all Debtor's "Obligations", as such term is defined in the Security Agreement and is subject to the terms and provisions thereof.

October ____, 1998

LCD ACQUISITION, L.L.C., by
F.Y.I. ACQUISITION, L.L.C., its member

By: _____

Title: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

As of this 2nd day of October, 1998, before me personally came Danny Chow, to me known, who being duly sworn, did depose and say, that he is a member of F.Y.I. ACQUISITION, L.L.C., the member of LCD ACQUISITION, L.L.C., the limited liability company described in and which executed the foregoing instrument; and that he signed his name thereto by order of the members of said limited liability company.

Notary Public