



T

To the Honorable Commissioner of Patents an attached original documents or copy thereof.

102263910

n, D.C. 20231: Please record the

1. Name of conveying party (ies):  
 CFC Holdings, LLC dba California Feather Company  
 11842 Alameda Street  
 Lynwood, California 90262

*10.07.02*

Individual(s)                       Association  
 General Partnership               Limited 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: Sherman & Sherman, P.C.  
 Internal Address: \_\_\_\_\_  
 Street Address: 2029 Century Park East, Suite 1700

3. Nature of conveyance:  
 Assignment                       Merger  
 Security Agreement               Change of Name  
 Other Attorney's Lien

Execution Date: December 22, 1999/August 20, 2002

City: Los Angeles State: CA ZIP: 90067

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

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
 Additional name(s) & addresses attached?  Yes  No

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

A. Trademark Application No.(s)  
 75/934,804 - Filed March 3, 2000  
 75/352,663 - Filed December 21, 2001  
 75/386,459 - Filed February 8, 2002

B. Trademark Registration No.(s)  
2,574,673 - Reg. Date: May 28, 2002

Additional numbers attached?  Yes  No

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

Name: Kenneth L. Sherman, Esq.  
 Internal Address: Sherman & Sherman, P.C.  
 Street Address: 2029 Century Park East, Suite 1700  
 City: Los Angeles State: CA ZIP: 90067

6. Total number of applications and registrations involved: 4

7. Total Fee (37 CFR 3.41) ..... \$ 160.00  
 Enclosed  
 Authorized to be charged to deposit account

8. Deposit account number:  
19-1995  
 (Attach duplicate copy of this page if paying by deposit account)

10/28/2002 DBYRNE 00000216 75934804

01 FC:4521 40.00 OP  
 02 FC:8522 75.00 OP

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.*

KENNETH L. SHERMAN                      October 3, 2002  
 Name of Person                      Date  
 Signature

Repln. Ref: 10/28/2002 DBYRNE 001333900  
 DB: 191995 Name/Number: 75934804  
 FC: 8522 \$45.00 CR

Total number of pages comprising cover sheet: 1

Hereby certify that this correspondence is being deposited with the U.S. Postal Service first class mail in an envelope addressed to the: Hon. Commissioner of Patents and Trademarks, Washington, D.C. 20231 on October 3, 2002.  
 Evelyn Menjivar                      Evelyn Menjivar  
 (Type or print name of person mailing paper)                      (Signature of person mailing paper)

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant:	)	Trademark Attorney
	)	Barbara A. Gaynor
CFC HOLDINGS, LLC	)	
	)	Law Office 104
Serial No.: 75/938,463	)	
	)	
Filed: March 8, 2000	)	
	)	
Mark: CALIFORNIA FEATHER CO.	)	Los Angeles, CA 90067
	)	
_____	)	

**NOTICE OF LIEN**

Assistant Commissioner  
for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Dear Sir:

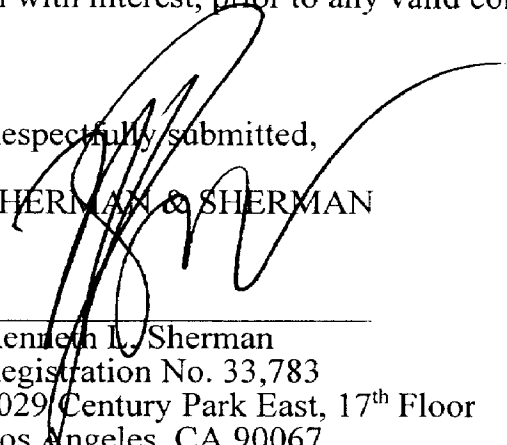
Please take notice that the firm of Sherman & Sherman, P.C., counsel of record for Applicant/Registrant CFC Holdings, LLC dba California Feather Company has a lien for attorney's fees and costs in the above-referenced case on the above-stated trademark.

As of August 20, 2002, Sherman & Sherman is owed (\$15,268.66). Sherman and Sherman's Attorney's Lien is granted pursuant to California Law and expressly granted pursuant to the Engagement Agreement attached hereto as Exhibit A.

Sherman & Sherman shall be immediately notified prior to any conveyance of this property and its fees and costs shall be paid in full with interest, prior to any valid conveyance thereof.

Respectfully submitted,

SHERMAN & SHERMAN

  
\_\_\_\_\_  
Kenneth L. Sherman  
Registration No. 33,783  
2029 Century Park East, 17<sup>th</sup> Floor  
Los Angeles, CA 90067  
Telephone: (310) 789-3200  
Facsimile: (310) 789-3210

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service first class mail in an envelope addressed to: Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513 on 10/31/02.

Evelyn Menjivan  
(Type or print name of person mailing paper)

Evelyn Menjivan  
(Signature of person mailing paper)

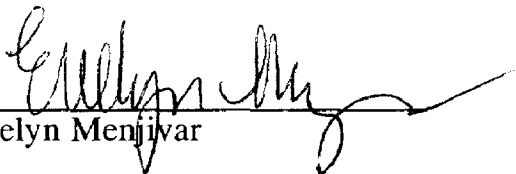
**CERTIFICATION OF SERVICE**

I hereby certify that I served the foregoing **NOTICE OF ATTORNEY'S LIEN** on October 3, 2002 by mailing a true copy thereof by first-class mail, postage prepaid, addressed as follows:

Ms. Karlyn Johnston  
Packaging Coordinator  
Perfect Fit Industries, Inc.  
8501 Tower Point Dr.  
Charlotte, NC 28227

Mr. Jordan A. Lavine  
Akin Gump, Strauss  
Hauer & Feld, LLP  
2005 Market Street, Suite 2200  
Philadelphia, PA 19103-7086

Scott A. Chaplan  
c/o Greene Fidler & Chaplan  
400 S. Beverly Drive, Suite 412  
Beverly Hills, California 90212

  
Evelyn Menjivar

LAW OFFICES OF  
SHERMAN & SHERMAN  
A PROFESSIONAL CORPORATION  
ONE CENTURY PLAZA  
2029 CENTURY PARK EAST  
SEVENTEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90067  
TELEPHONE (310) 789-3200  
FACSIMILE (310) 789-3210

December 22, 1999

Mr. Scott Chaplan  
CFC Holdings, LLC  
dba California Feather Company  
11842 Alameda Street  
Lynwood, California 90262

Re: Engagement Agreement  
Our Reference No.: ADM2.0100

Dear Scott:

Our Firm would be pleased to represent you. As required by the State Bar of California, an attorney must provide a written engagement agreement which sets forth the administrative steps the Firm follows in accepting an engagement and the general terms of our agreement to represent you. This letter meets that purpose and must be agreed to and signed by you for us to undertake your representation.

1. **Conflicts of Interest.**

The Firm's intake procedures require receiving and approving an executed copy of this engagement letter, checking for any conflicts of interest based upon the information that you have provided us and taking certain other routine clerical steps. Subject to satisfying these procedures, we will open a file and commence work for you on this matter. Should it later develop that, based upon information that was not known at the time we started work, a conflict of interest exists or has developed, we will immediately contact you to determine what options we have within the ethical considerations of the canon of ethics to resolve the matter or to help you obtain other counsel.

2. **Scope of Agreement.**

To confirm our understanding, you have agreed to engage our services in connection with your patent and trademark legal matters. Our normal billing practice is to base legal fees on the amount of time devoted to a particular matter at hourly rates for the attorneys

CFC Holdings, LLC

dba California Feather Company

December 22, 1999

Page 2

and other personnel (such as paralegal assistants) involved in the project. Any other fee arrangements must be agreed to by you and us in writing. Our fees are adjusted from time to time to take account of various factors, including matter complexity and increased costs.

The hourly rates for attorneys and paralegals in the Firm presently range from \$70 for certain paralegals to \$300.00 for the most experienced attorneys working on the most complicated matters. The attorney most often working on your matters will be Kenneth L. Sherman and his billing rate will be \$300.00.

As we have discussed, it is not possible at the beginning of any project to determine exactly the nature, extent and costs of the legal services that may be required. Even carefully prepared estimates may turn out to be high or low. Naturally, we will endeavor to minimize attorneys' fees and costs in keeping with sound legal and ethical practices and we will keep you apprised with monthly billings. Our experience has been that our clients consider our fees to be reasonable in light of the responsibilities assumed, the effort expended, the results achieved and the expediency with which the project is completed.

3. **Costs and Expenses.**

You acknowledge that we may advance and/or incur various expenses in providing services to you unless we determine the magnitude thereof is of such amount as to make other arrangements appropriate. You agree to reimburse us for all out-of-pocket expenses ("Costs") paid by us, or, if you are billed directly for these expenses, to make prompt, direct payments to the originators of the bills. You will be responsible for and authorize us to incur reasonable costs in connection with our work under this agreement and to pay the same out of any funds in our trust account as they become due.

You agree to pay all actual costs and expenses incurred or advanced by us, including, but not limited to, the following: filing fees, marshals' and process servers' fees, fees and other charges assessed by courts, arbitrators, referees, retired judges, and public agencies, long distance telephone calls, facsimile transmissions, messenger and other delivery fees, witness and jury fees, investigation expenses, consultants' and expert witness fees, costs of videotaping depositions and site inspections, costs of digitizing videotape onto CD-ROM for presentation at trials and hearings, court reporters fees, computer service bureau fees, costs of production of trial graphics and other demonstrative evidence, express mail or other priority mail charges, Lexis/Nexis, Internet and other computer aided research expenses, parking, photocopying and

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 3

other reproduction, and other similar items, and such other items as we may reasonably incur. If we are required to travel, you will be responsible for all costs of such travel, including local parking and travel mileage, and out of town travel expenses including airfare, lodging, meals, and ground transportation.

It may be necessary to hire expert witnesses, consultants, jury consultants, and/or investigators to aid in the preparation or presentation of a case. You or we may also deem it prudent to utilize the expertise of an attorney outside of this office for certain phases of your representation. We will consult with you at the time we hire such persons. You authorize us to incur all reasonable costs and to hire any associate attorney, independent contractor, investigator, consultant or expert witness reasonably necessary or appropriate in our judgment. When you consent to the hiring of such person, you will be responsible for such person's fees and charges, and you agree, at our option, to make separate financial arrangements with that person and agree that the money supplied by you to us pursuant to this Agreement is not intended to be applied toward any amounts due to any such person. If we advance fees and costs to such persons on your behalf, these costs will be itemized on monthly statements submitted to you, and you are required to pay such costs.

4. **Statements.**

We generate monthly invoices which are sent to our clients during the first few days of each month. All invoiced amounts are immediately due and payable. If payment is not received within thirty (30) days following the date of any invoice in question, a late payment charge of one and one-half percent (1½%) of the outstanding balance owed will be added to your statement for the month following the date of such unpaid invoice and for each month thereafter until payment is received.

In fairness to the majority of the Firm's clients who pay their bills promptly each month, late payment charges have been established so that the minority of clients whose accounts become delinquent will bear the Firm's cost of late payment. This enables us to render top quality legal services at the lowest possible expense to our clients. Additionally, any clients who are consistently dilatory in their payment of fees will be considered for a higher billing rate to account for the increased burden.

The periodic statements we send you will state the current status of your account, both for services rendered and for costs incurred on your behalf, and you agree to pay any

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 4

balance due on those statements upon receipt. Each person signing below will be jointly and severally responsible for all obligations to us.

At any time you request, we will provide a statement to you no later than ten (10) days following your request. You are entitled to make subsequent requests for statements at intervals of no less than thirty (30) days. You have the right to have the form of statement for services in any reasonable manner you choose, including a summary billing, a bill reflecting time entries, a bill reflecting day, task and attorney or an abbreviated bill. The form of the statement will be in the manner we select, unless you request otherwise in writing.

5. **Retainer and Deposit.**

A retainer is required for all new clients. We have agreed to an initial retainer in the amount of \$1,000.00. Any retainer is, of course, a deposit for payment of a portion of the legal fees and costs to be incurred. Except to the extent that legal fees are accrued and costs are incurred, any retainer we hold will remain your property and you are entitled to request a refund of any unused portion.

You hereby authorize us to endorse your name on your behalf and to deposit any proceeds you receive in our Client Trust Account.

Unless we have otherwise agreed, as legal fees and costs are incurred, we will apply any unused portion of the retainer to your monthly invoice. By your execution of this letter, you are authorizing us to apply your retainer to pay your statements for services as such sums are billed. We may require additional retainers, from time to time, as we deem necessary. In the event any matter involves a trial, arbitration or other contested proceeding, we may require an additional retainer substantially in advance of the adversarial proceeding.

At such time that the balance of the retainer account shall fall below \$1,000.00, we shall bill you for the deficiency, and you shall immediately provide us with such funds so as to bring the account current. During certain months, the costs incurred may exceed the balance deposited in your retainer account. If this should occur, and your balance is not replenished to at least cover the amount by which our charges exceed the amount that you have on deposit ("the delinquency"), then after 30 days you will be charged with interest on the delinquency at the rate of 1.5% per month.



CFC Holdings, LLC

dba California Feather Company

December 22, 1999

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6. **Discharge and Withdrawal.**

We will endeavor to represent you promptly and efficiently according to the highest legal and ethical standards. However, you have the right to terminate our services at any time upon written notice to us. We also have the right to terminate our services to you, upon written notice, if you fail to pay for our services in a timely manner, if you fail to cooperate with a reasonable request or if we determine that continuing services to you would be unethical, impractical, improper or otherwise undesirable. We each agree to sign any documents reasonably necessary to complete any such termination.

7. **Arbitration of Disputes.**

While we do not anticipate any problem in our relationship with you, any controversy, claim or dispute in the course and scope of the attorney-client relationship or arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate ("Disputes"), shall be determined by arbitration in Los Angeles, California, before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in California. Disputes shall include, without limitation, those involving fees, costs, billing, claims of professional negligence, malpractice and breach of ethical or fiduciary duties. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its Commercial Rules. The arbitrator shall be a member of the AAA Law Practice Dispute Resolution Panel. The arbitrator shall apply California law in making any award. The arbitrator shall, in the Award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees and costs of the prevailing party, against the party who did not prevail. Judgment on the Award may be entered in any court having jurisdiction. This agreement to arbitrate is not intended to abrogate the client's right to require a nonbinding fee arbitration pursuant to California Business & Professions Code sections 6200-06. If the client demands the arbitration of a fee dispute pursuant to these provisions, either party may seek to consolidate that arbitration with any other arbitration pending between the parties. You should understand that this paragraph means, among other things, that you are giving up your right to a jury trial.

In any action, litigation, arbitration, or proceeding (hereinafter "Action") between the parties arising out of or in relation to this Agreement or our representation of you, the prevailing party in such Action shall be awarded, in addition to any damages or other relief, and

CFC Holdings, LLC

dba California Feather Company

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without regard to whether such Action be prosecuted to final judgment, such party's costs and expenses, including, but not limited to, reasonable taxable and non-taxable costs, and reasonable attorney's, accountant's and expert's fees incurred in bringing or defending such Action, litigation or proceeding and/or enforcing any judgment or order granted therein. Any judgment or order entered in such Action shall contain a specific provision providing for the recovery of attorney's fees and the costs identified in the preceding sentence incurred in enforcing such judgment or order. If the judgment or order should fail to contain such a provision, the prevailing party shall have the right to initiate further action to recover its attorney's fees and the costs identified above incurred in enforcing such judgment or order, which right shall survive the entry of judgment or order in the initial Action. For purposes of this paragraph, attorney's fees shall include, without limitation, fees incurred in the following: (1) post-judgment motions; (2) appellate proceedings; (3) contempt proceedings; (4) garnishment, levy and debtor and third-party examinations and proceedings; (5) discovery; and (5) bankruptcy litigation. In the event we represent ourselves in such dispute and we are the prevailing party, you agree that we shall be entitled to recover the reasonable value of our time incurred in representing ourselves, measured by the prevailing rates we charge to other clients.

For your information, our firm does not maintain any insurance policy for errors and omissions or any other policy which would cover this matter in any way. You acknowledge that we can not, will not and have not guaranteed any outcome to any case in any way. We have advised you that you may wish to have this arrangement reviewed by other counsel prior to your execution of this Agreement.

8. **Disclaimer of Guarantee.**

We have made no representations, promises or guarantees to you about the outcome or success of any matter. Nothing in this agreement shall be construed as such a promise or guarantee, and your obligation to pay the fees and costs incurred in connection with this matter is not dependent in any way on the success of the matters on which you consult with us.

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 7

9. **Replacement or Withdrawal of Attorneys.**

We may withdraw from representing you at any time upon reasonable notice to you. Some of the reasons we might choose to withdraw would be: (1) your breach of this Agreement, (2) your refusal to cooperate with us or to follow our advice on a material matter, including your refusal to accept a settlement offer we recommend, or (3) any fact or circumstance that would render our continuing representation of you unlawful or unethical. You agree to sign any documents reasonably necessary to effect or complete our discharge or withdrawal. Upon the termination or conclusion of our representation of you, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable.

10. **Attorneys' Lien on Recovery.**

You hereby grant us a lien on any and all your funds on deposit in our Client Trust Account, on any and all funds or property receivable by you in connection with those matters which are the subject of our employment, and on any and all claims and causes of action you may assert in any action or proceeding brought by us on your behalf under this Agreement, including, but not limited to, court ordered sanctions regarding attorney's fees. Our lien will be for any sums due and owing by you to us under this Agreement, including fees and out-of-pocket costs. The lien will reach any recovery you may obtain, whether by judgment, settlement or otherwise. We have the right to deduct the amount of fees and costs owing from any such recovery.

11. **Termination or Conclusion.**

Upon the termination or conclusion of our services, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable. We acknowledge our obligation, upon your demand, to deliver your file to you at or after the termination or conclusion of our services. Should we determine not to maintain your file following completion of the performance of work on the retained matter, we shall provide you, in writing, with the opportunity to retain the file. Should you not wish to retain the file or should you not respond to us in writing within 30 days of our letter with instructions to forward the file to you, then we shall be entitled to discard the file.

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 8

12. **Choice of Law/Choice of Forum.**

This agreement is entered into in Los Angeles, California and the place of performance of this Agreement is Los Angeles, California. This agreement shall be governed and interpreted in accordance with the laws of California, including all matters of construction, validity, performance and enforcement, without giving effect to principles of conflict of laws. You hereby consent, in any dispute, action, litigation, arbitration or other proceeding concerning this Agreement or our respective obligations hereunder, to the jurisdiction of the courts of California, and that the County of Los Angeles shall be the sole venue for the bringing of such action or proceeding.

13. **Additional Matters.**

If you request us to represent you in additional matters, a new engagement letter will not be prepared, unless we both agree otherwise in writing. Absent a new engagement letter, the terms of this letter shall control any additional matters except for the amount of the retainer.

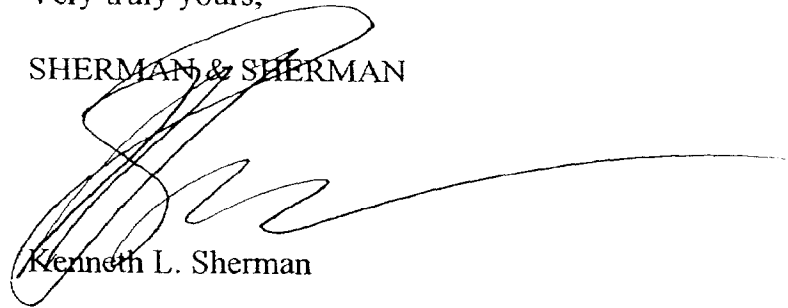
Please contact us as soon as possible if this letter does not accurately reflect your understanding of our agreement. Any corrections or changes must be in writing and signed by both of us. Otherwise, please sign and return this letter, along with your check for \$1,000.00 as the retainer at your earliest convenience.

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
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We are delighted to be working with you. We have enclosed a copy of our Firm resume to better acquaint you with our Firm. Please call me if you have any questions.

Very truly yours,


SHERMAN & SHERMAN



Kenneth L. Sherman

KLS/mpd  
Enclosure

The foregoing accurately sets forth all of the terms of your engagement and is approved and accepted this 22 day of December, 1999.



\_\_\_\_\_  
Scott Chapman, Chief Executive Officer  
on behalf of CFC Holdings, LLC

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Trademark Application of	)	
	)	Examiner: Gaynor, Barbara
CFC Holdings, LLC	)	
	)	Law Office: 104
Serial No.: 75/934,804	)	
	)	
Filed: March 3, 2000	)	
	)	
International Class Nos.: 20 & 24	)	
	)	February 20, 2002
Mark: CALIFORNIA CLEAN	)	Los Angeles, California 90067
_____	)	

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2900 Crystal Drive  
Arlington, Virginia 22202-3513

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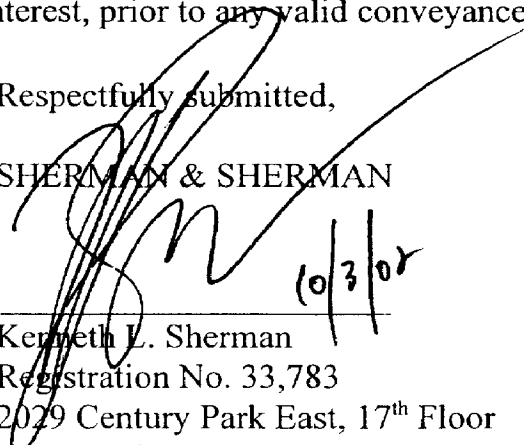
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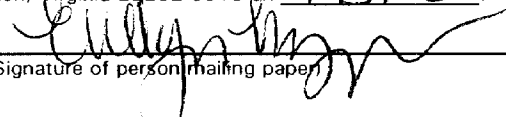
SHERMAN & SHERMAN

  
10/3/02  
\_\_\_\_\_  
Kenneth L. Sherman  
Registration No. 33,783  
2029 Century Park East, 17<sup>th</sup> Floor  
Los Angeles, CA 90067  
Telephone: (310) 789-3200  
Facsimile: (310) 789-3210

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Evelyn Meynvan  
(Type or print name of person mailing paper)

  
(Signature of person mailing paper)

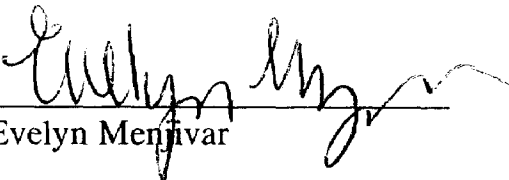
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8501 Tower Point Dr.  
Charlotte, NC 28227

Mr. Jordan A. Lavine  
Akin Gump, Strauss  
Hauer & Feld, LLP  
2005 Market Street, Suite 2200  
Philadelphia, PA 19103-7086

Scott A. Chaplan  
c/o Greene Fidler & Chaplan  
400 S. Beverly Drive, Suite 412  
Beverly Hills, California 90212

  
Evelyn Menjivar

G:\KLS\cf\1\CF1.0003\NOTOF-LIEN.103



LAW OFFICES OF  
SHERMAN & SHERMAN  
A PROFESSIONAL CORPORATION  
ONE CENTURY PLAZA  
2029 CENTURY PARK EAST  
SEVENTEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90067  
TELEPHONE (310) 789-3200  
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December 22, 1999

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CFC Holdings, LLC

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CFC Holdings, LLC

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December 22, 1999

Page 3

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It may be necessary to hire expert witnesses, consultants, jury consultants, and/or investigators to aid in the preparation or presentation of a case. You or we may also deem it prudent to utilize the expertise of an attorney outside of this office for certain phases of your representation. We will consult with you at the time we hire such persons. You authorize us to incur all reasonable costs and to hire any associate attorney, independent contractor, investigator, consultant or expert witness reasonably necessary or appropriate in our judgment. When you consent to the hiring of such person, you will be responsible for such person's fees and charges, and you agree, at our option, to make separate financial arrangements with that person and agree that the money supplied by you to us pursuant to this Agreement is not intended to be applied toward any amounts due to any such person. If we advance fees and costs to such persons on your behalf, these costs will be itemized on monthly statements submitted to you, and you are required to pay such costs.

4. **Statements.**

We generate monthly invoices which are sent to our clients during the first few days of each month. All invoiced amounts are immediately due and payable. If payment is not received within thirty (30) days following the date of any invoice in question, a late payment charge of one and one-half percent (1½%) of the outstanding balance owed will be added to your statement for the month following the date of such unpaid invoice and for each month thereafter until payment is received.

In fairness to the majority of the Firm's clients who pay their bills promptly each month, late payment charges have been established so that the minority of clients whose accounts become delinquent will bear the Firm's cost of late payment. This enables us to render top quality legal services at the lowest possible expense to our clients. Additionally, any clients who are consistently dilatory in their payment of fees will be considered for a higher billing rate to account for the increased burden.

The periodic statements we send you will state the current status of your account, both for services rendered and for costs incurred on your behalf, and you agree to pay any

CFC Holdings, LLC  
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Page 4

balance due on those statements upon receipt. Each person signing below will be jointly and severally responsible for all obligations to us.

At any time you request, we will provide a statement to you no later than ten (10) days following your request. You are entitled to make subsequent requests for statements at intervals of no less than thirty (30) days. You have the right to have the form of statement for services in any reasonable manner you choose, including a summary billing, a bill reflecting time entries, a bill reflecting day, task and attorney or an abbreviated bill. The form of the statement will be in the manner we select, unless you request otherwise in writing.

5. **Retainer and Deposit.**

A retainer is required for all new clients. We have agreed to an initial retainer in the amount of \$1,000.00. Any retainer is, of course, a deposit for payment of a portion of the legal fees and costs to be incurred. Except to the extent that legal fees are accrued and costs are incurred, any retainer we hold will remain your property and you are entitled to request a refund of any unused portion.

You hereby authorize us to endorse your name on your behalf and to deposit any proceeds you receive in our Client Trust Account.

Unless we have otherwise agreed, as legal fees and costs are incurred, we will apply any unused portion of the retainer to your monthly invoice. By your execution of this letter, you are authorizing us to apply your retainer to pay your statements for services as such sums are billed. We may require additional retainers, from time to time, as we deem necessary. In the event any matter involves a trial, arbitration or other contested proceeding, we may require an additional retainer substantially in advance of the adversarial proceeding.

At such time that the balance of the retainer account shall fall below \$1,000.00, we shall bill you for the deficiency, and you shall immediately provide us with such funds so as to bring the account current. During certain months, the costs incurred may exceed the balance deposited in your retainer account. If this should occur, and your balance is not replenished to at least cover the amount by which our charges exceed the amount that you have on deposit ("the delinquency"), then after 30 days you will be charged with interest on the delinquency at the rate of 1.5% per month.

CFC Holdings, LLC

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6. **Discharge and Withdrawal.**

We will endeavor to represent you promptly and efficiently according to the highest legal and ethical standards. However, you have the right to terminate our services at any time upon written notice to us. We also have the right to terminate our services to you, upon written notice, if you fail to pay for our services in a timely manner, if you fail to cooperate with a reasonable request or if we determine that continuing services to you would be unethical, impractical, improper or otherwise undesirable. We each agree to sign any documents reasonably necessary to complete any such termination.

7. **Arbitration of Disputes.**

While we do not anticipate any problem in our relationship with you, any controversy, claim or dispute in the course and scope of the attorney-client relationship or arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate ("Disputes"), shall be determined by arbitration in Los Angeles, California, before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in California. Disputes shall include, without limitation, those involving fees, costs, billing, claims of professional negligence, malpractice and breach of ethical or fiduciary duties. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its Commercial Rules. The arbitrator shall be a member of the AAA Law Practice Dispute Resolution Panel. The arbitrator shall apply California law in making any award. The arbitrator shall, in the Award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees and costs of the prevailing party, against the party who did not prevail. Judgment on the Award may be entered in any court having jurisdiction. This agreement to arbitrate is not intended to abrogate the client's right to require a nonbinding fee arbitration pursuant to California Business & Professions Code sections 6200-06. If the client demands the arbitration of a fee dispute pursuant to these provisions, either party may seek to consolidate that arbitration with any other arbitration pending between the parties. You should understand that this paragraph means, among other things, that you are giving up your right to a jury trial.

In any action, litigation, arbitration, or proceeding (hereinafter "Action") between the parties arising out of or in relation to this Agreement or our representation of you, the prevailing party in such Action shall be awarded, in addition to any damages or other relief, and

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without regard to whether such Action be prosecuted to final judgment, such party's costs and expenses, including, but not limited to, reasonable taxable and non-taxable costs, and reasonable attorney's, accountant's and expert's fees incurred in bringing or defending such Action, litigation or proceeding and/or enforcing any judgment or order granted therein. Any judgment or order entered in such Action shall contain a specific provision providing for the recovery of attorney's fees and the costs identified in the preceding sentence incurred in enforcing such judgment or order. If the judgment or order should fail to contain such a provision, the prevailing party shall have the right to initiate further action to recover its attorney's fees and the costs identified above incurred in enforcing such judgment or order, which right shall survive the entry of judgment or order in the initial Action. For purposes of this paragraph, attorney's fees shall include, without limitation, fees incurred in the following: (1) post-judgment motions; (2) appellate proceedings; (3) contempt proceedings; (4) garnishment, levy and debtor and third-party examinations and proceedings; (5) discovery; and (5) bankruptcy litigation. In the event we represent ourselves in such dispute and we are the prevailing party, you agree that we shall be entitled to recover the reasonable value of our time incurred in representing ourselves, measured by the prevailing rates we charge to other clients.

For your information, our firm does not maintain any insurance policy for errors and omissions or any other policy which would cover this matter in any way. You acknowledge that we can not, will not and have not guaranteed any outcome to any case in any way. We have advised you that you may wish to have this arrangement reviewed by other counsel prior to your execution of this Agreement.

8. **Disclaimer of Guarantee.**

We have made no representations, promises or guarantees to you about the outcome or success of any matter. Nothing in this agreement shall be construed as such a promise or guarantee, and your obligation to pay the fees and costs incurred in connection with this matter is not dependent in any way on the success of the matters on which you consult with us.

CFC Holdings, LLC  
dba California Feather Company  
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Page 7

9. **Replacement or Withdrawal of Attorneys.**

We may withdraw from representing you at any time upon reasonable notice to you. Some of the reasons we might choose to withdraw would be: (1) your breach of this Agreement, (2) your refusal to cooperate with us or to follow our advice on a material matter, including your refusal to accept a settlement offer we recommend, or (3) any fact or circumstance that would render our continuing representation of you unlawful or unethical. You agree to sign any documents reasonably necessary to effect or complete our discharge or withdrawal. Upon the termination or conclusion of our representation of you, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable.

10. **Attorneys' Lien on Recovery.**

You hereby grant us a lien on any and all your funds on deposit in our Client Trust Account, on any and all funds or property receivable by you in connection with those matters which are the subject of our employment, and on any and all claims and causes of action you may assert in any action or proceeding brought by us on your behalf under this Agreement, including, but not limited to, court ordered sanctions regarding attorney's fees. Our lien will be for any sums due and owing by you to us under this Agreement, including fees and out-of-pocket costs. The lien will reach any recovery you may obtain, whether by judgment, settlement or otherwise. We have the right to deduct the amount of fees and costs owing from any such recovery.

11. **Termination or Conclusion.**

Upon the termination or conclusion of our services, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable. We acknowledge our obligation, upon your demand, to deliver your file to you at or after the termination or conclusion of our services. Should we determine not to maintain your file following completion of the performance of work on the retained matter, we shall provide you, in writing, with the opportunity to retain the file. Should you not wish to retain the file or should you not respond to us in writing within 30 days of our letter with instructions to forward the file to you, then we shall be entitled to discard the file.

CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 8

12. **Choice of Law/Choice of Forum.**

This agreement is entered into in Los Angeles, California and the place of performance of this Agreement is Los Angeles, California. This agreement shall be governed and interpreted in accordance with the laws of California, including all matters of construction, validity, performance and enforcement, without giving effect to principles of conflict of laws. You hereby consent, in any dispute, action, litigation, arbitration or other proceeding concerning this Agreement or our respective obligations hereunder, to the jurisdiction of the courts of California, and that the County of Los Angeles shall be the sole venue for the bringing of such action or proceeding.

13. **Additional Matters.**

If you request us to represent you in additional matters, a new engagement letter will not be prepared, unless we both agree otherwise in writing. Absent a new engagement letter, the terms of this letter shall control any additional matters except for the amount of the retainer.

Please contact us as soon as possible if this letter does not accurately reflect your understanding of our agreement. Any corrections or changes must be in writing and signed by both of us. Otherwise, please sign and return this letter, along with your check for \$1,000.00 as the retainer at your earliest convenience.

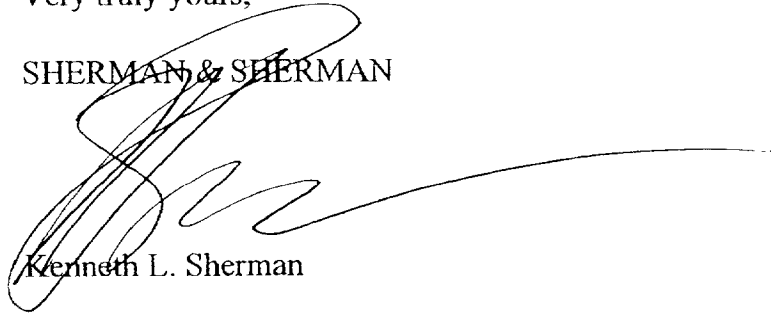


CFC Holdings, LLC  
dba California Feather Company  
December 22, 1999  
Page 9

We are delighted to be working with you. We have enclosed a copy of our Firm resume to better acquaint you with our Firm. Please call me if you have any questions.

Very truly yours,


SHERMAN & SHERMAN



Kenneth L. Sherman

KLS/mpd  
Enclosure

The foregoing accurately sets forth all of the terms of your engagement and is approved and accepted this 22 day of December, 1999.



---

Scott Chapman, Chief Executive Officer  
on behalf of CFC Holdings, LLC

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Trademark Application of	)	
	)	Examiner: Abrahams, David
CFC Holdings, LLC	)	
	)	Law Office: 113
Serial No.: 75/352,663	)	
	)	
Filed: December 21, 2001	)	
	)	
International Class Nos.: 20 & 24	)	
	)	October 3, 2002
Mark: DOWN IN A BAG	)	Los Angeles, California 90067
_____	)	

**NOTICE OF LIEN**

Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Dear Sir:

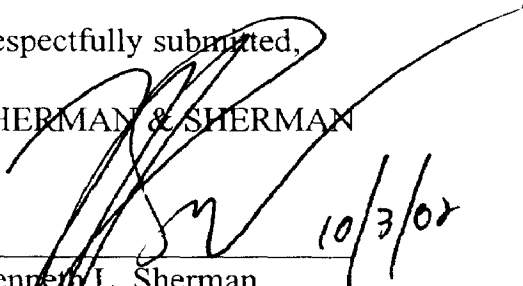
Please take notice that the firm of Sherman & Sherman, P.C., counsel of record for Applicant/Registrant CFC Holdings, LLC dba California Feather Company has a lien for attorney's fees and costs in the above-referenced case on the above-stated trademark.

As of August 20, 2002, Sherman & Sherman is owed (\$15,268.66). Sherman and Sherman's Attorney's Lien is granted pursuant to California Law and expressly granted pursuant to the Engagement Agreement attached hereto as Exhibit A.

Sherman & Sherman shall be immediately notified prior to any conveyance of this property and its fees and costs shall be paid in full with interest, prior to any valid conveyance thereof.

Respectfully submitted,

SHERMAN & SHERMAN

  
10/3/02  
\_\_\_\_\_  
Kenneth L. Sherman  
Registration No. 33,783  
2029 Century Park East, 17<sup>th</sup> Floor  
Los Angeles, CA 90067  
Telephone: (310) 789-3200  
Facsimile: (310) 789-3210

CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service first class mail in an envelope addressed to: Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513 on 10/3/02.

Evelyn Manjivan  
(Type or print name of person mailing paper)

Evelyn Manjivan  
(Signature of person mailing paper)

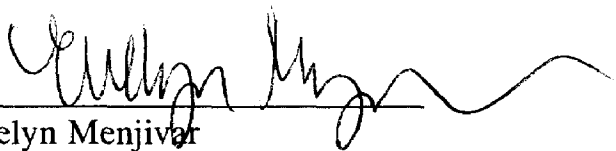
**CERTIFICATION OF SERVICE**

I hereby certify that I served the foregoing **NOTICE OF ATTORNEY'S LIEN** on October 3, 2002 by mailing a true copy thereof by first-class mail, postage prepaid, addressed as follows:

Ms. Karlyn Johnston  
Packaging Coordinator  
Perfect Fit Industries, Inc.  
8501 Tower Point Dr.  
Charlotte, NC 28227

Mr. Jordan A. Lavine  
Akin Gump, Strauss  
Hauer & Feld, LLP  
2005 Market Street, Suite 2200  
Philadelphia, PA 19103-7086

Scott A. Chaplan  
c/o Greene Fidler & Chaplan  
400 S. Beverly Drive, Suite 412  
Beverly Hills, California 90212

  
Evelyn Menjivar

G:\KLS\Cfe\1\CFC10006\NOTOF-LIEN.wpd

LAW OFFICES OF  
SHERMAN & SHERMAN  
A PROFESSIONAL CORPORATION  
ONE CENTURY PLAZA  
2029 CENTURY PARK EAST  
SEVENTEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90067  
TELEPHONE (310) 789-3200  
FACSIMILE (310) 789-3210

December 22, 1999

Mr. Scott Chaplan  
CFC Holdings, LLC  
dba California Feather Company  
11842 Alameda Street  
Lynwood, California 90262

Re: Engagement Agreement  
Our Reference No.: ADM2.0100

Dear Scott:

Our Firm would be pleased to represent you. As required by the State Bar of California, an attorney must provide a written engagement agreement which sets forth the administrative steps the Firm follows in accepting an engagement and the general terms of our agreement to represent you. This letter meets that purpose and must be agreed to and signed by you for us to undertake your representation.

1. **Conflicts of Interest.**

The Firm's intake procedures require receiving and approving an executed copy of this engagement letter, checking for any conflicts of interest based upon the information that you have provided us and taking certain other routine clerical steps. Subject to satisfying these procedures, we will open a file and commence work for you on this matter. Should it later develop that, based upon information that was not known at the time we started work, a conflict of interest exists or has developed, we will immediately contact you to determine what options we have within the ethical considerations of the canon of ethics to resolve the matter or to help you obtain other counsel.

2. **Scope of Agreement.**

To confirm our understanding, you have agreed to engage our services in connection with your patent and trademark legal matters. Our normal billing practice is to base legal fees on the amount of time devoted to a particular matter at hourly rates for the attorneys

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and other personnel (such as paralegal assistants) involved in the project. Any other fee arrangements must be agreed to by you and us in writing. Our fees are adjusted from time to time to take account of various factors, including matter complexity and increased costs.

The hourly rates for attorneys and paralegals in the Firm presently range from \$70 for certain paralegals to \$300.00 for the most experienced attorneys working on the most complicated matters. The attorney most often working on your matters will be Kenneth L. Sherman and his billing rate will be \$300.00.

As we have discussed, it is not possible at the beginning of any project to determine exactly the nature, extent and costs of the legal services that may be required. Even carefully prepared estimates may turn out to be high or low. Naturally, we will endeavor to minimize attorneys' fees and costs in keeping with sound legal and ethical practices and we will keep you apprised with monthly billings. Our experience has been that our clients consider our fees to be reasonable in light of the responsibilities assumed, the effort expended, the results achieved and the expediency with which the project is completed.

3. **Costs and Expenses.**

You acknowledge that we may advance and/or incur various expenses in providing services to you unless we determine the magnitude thereof is of such amount as to make other arrangements appropriate. You agree to reimburse us for all out-of-pocket expenses ("Costs") paid by us, or, if you are billed directly for these expenses, to make prompt, direct payments to the originators of the bills. You will be responsible for and authorize us to incur reasonable costs in connection with our work under this agreement and to pay the same out of any funds in our trust account as they become due.

You agree to pay all actual costs and expenses incurred or advanced by us, including, but not limited to, the following: filing fees, marshals' and process servers' fees, fees and other charges assessed by courts, arbitrators, referees, retired judges, and public agencies, long distance telephone calls, facsimile transmissions, messenger and other delivery fees, witness and jury fees, investigation expenses, consultants' and expert witness fees, costs of videotaping depositions and site inspections, costs of digitizing videotape onto CD-ROM for presentation at trials and hearings, court reporters fees, computer service bureau fees, costs of production of trial graphics and other demonstrative evidence, express mail or other priority mail charges, Lexis/Nexis, Internet and other computer aided research expenses, parking, photocopying and

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other reproduction, and other similar items, and such other items as we may reasonably incur. If we are required to travel, you will be responsible for all costs of such travel, including local parking and travel mileage, and out of town travel expenses including airfare, lodging, meals, and ground transportation.

It may be necessary to hire expert witnesses, consultants, jury consultants, and/or investigators to aid in the preparation or presentation of a case. You or we may also deem it prudent to utilize the expertise of an attorney outside of this office for certain phases of your representation. We will consult with you at the time we hire such persons. You authorize us to incur all reasonable costs and to hire any associate attorney, independent contractor, investigator, consultant or expert witness reasonably necessary or appropriate in our judgment. When you consent to the hiring of such person, you will be responsible for such person's fees and charges, and you agree, at our option, to make separate financial arrangements with that person and agree that the money supplied by you to us pursuant to this Agreement is not intended to be applied toward any amounts due to any such person. If we advance fees and costs to such persons on your behalf, these costs will be itemized on monthly statements submitted to you, and you are required to pay such costs.

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While we do not anticipate any problem in our relationship with you, any controversy, claim or dispute in the course and scope of the attorney-client relationship or arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate ("Disputes"), shall be determined by arbitration in Los Angeles, California, before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in California. Disputes shall include, without limitation, those involving fees, costs, billing, claims of professional negligence, malpractice and breach of ethical or fiduciary duties. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its Commercial Rules. The arbitrator shall be a member of the AAA Law Practice Dispute Resolution Panel. The arbitrator shall apply California law in making any award. The arbitrator shall, in the Award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees and costs of the prevailing party, against the party who did not prevail. Judgment on the Award may be entered in any court having jurisdiction. This agreement to arbitrate is not intended to abrogate the client's right to require a nonbinding fee arbitration pursuant to California Business & Professions Code sections 6200-06. If the client demands the arbitration of a fee dispute pursuant to these provisions, either party may seek to consolidate that arbitration with any other arbitration pending between the parties. You should understand that this paragraph means, among other things, that you are giving up your right to a jury trial.

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Page 7

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CFC Holdings, LLC  
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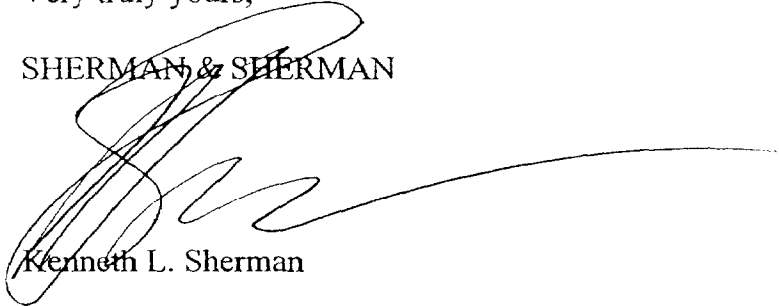
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Very truly yours,

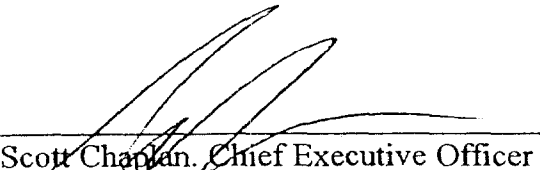
SHERMAN & SHERMAN



Kenneth L. Sherman

KLS/mpd  
Enclosure

The foregoing accurately sets forth all of the terms of your engagement and is approved and accepted this 22 day of December, 1999.



Scott Chaplan, Chief Executive Officer  
on behalf of CFC Holdings, LLC

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Trademark Application of	)	
	)	Examiner: Abrahams, David
CFC Holdings, LLC	)	
	)	Law Office: 113
Serial No.: 75/386,459	)	
	)	
Filed: February 8, 2002	)	
	)	
International Class Nos.: 20 & 24	)	
	)	October 3, 2002
Mark: DOWN IN A BOX	)	Los Angeles, California 90067
_____	)	

**NOTICE OF LIEN**

Assistant Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Dear Sir:

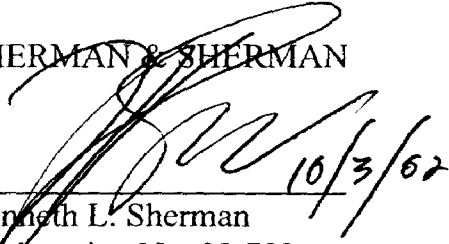
Please take notice that the firm of Sherman & Sherman, P.C., counsel of record for Applicant/Registrant CFC Holdings, LLC dba California Feather Company has a lien for attorney's fees and costs in the above-referenced case on the above-stated trademark.

As of August 20, 2002, Sherman & Sherman is owed (\$15,268.66). Sherman and Sherman's Attorney's Lien is granted pursuant to California Law and expressly granted pursuant to the Engagement Agreement attached hereto as Exhibit A.

Sherman & Sherman shall be immediately notified prior to any conveyance of this property and its fees and costs shall be paid in full with interest, prior to any valid conveyance thereof.

Respectfully submitted,

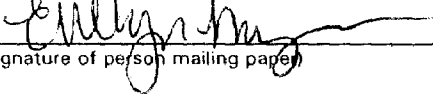
SHERMAN & SHERMAN

  
10/3/62  
\_\_\_\_\_  
Kenneth L. Sherman  
Registration No. 33,783  
2029 Century Park East, 17<sup>th</sup> Floor  
Los Angeles, CA 90067  
Telephone: (310) 789-3200  
Facsimile: (310) 789-3210

**CERTIFICATE OF MAILING**

I hereby certify that this correspondence is being deposited with the United States Postal Service first class mail in an envelope addressed to: Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513 on 10/3/62.

EVELYN MENJIVAN  
(Type or print name of person mailing paper)

  
(Signature of person mailing paper)

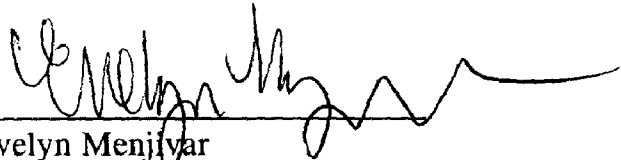
**CERTIFICATION OF SERVICE**

I hereby certify that I served the foregoing **NOTICE OF ATTORNEY'S LIEN** on October 3, 2002 by mailing a true copy thereof by first-class mail, postage prepaid, addressed as follows:

Ms. Karlyn Johnston  
Packaging Coordinator  
Perfect Fit Industries, Inc.  
8501 Tower Point Dr.  
Charlotte, NC 28227

Mr. Jordan A. Lavine  
Akin Gump, Strauss  
Hauer & Feld, LLP  
2005 Market Street, Suite 2200  
Philadelphia, PA 19103-7086

Scott A. Chaplan  
c/o Greene Fidler & Chaplan  
400 S. Beverly Drive, Suite 412  
Beverly Hills, California 90212

  
\_\_\_\_\_  
Evelyn Menjivar

G:\KLS\Cfc\NCF1.0007\NOTOF-LIEN.wpd



LAW OFFICES OF  
SHERMAN & SHERMAN  
A PROFESSIONAL CORPORATION  
ONE CENTURY PLAZA  
2029 CENTURY PARK EAST  
SEVENTEENTH FLOOR  
LOS ANGELES, CALIFORNIA 90067  
TELEPHONE (310) 789-3200  
FACSIMILE (310) 789-3210

December 22, 1999

Mr. Scott Chaplan  
CFC Holdings, LLC  
dba California Feather Company  
11842 Alameda Street  
Lynwood, California 90262

Re: Engagement Agreement  
Our Reference No.: ADM2.0100

Dear Scott:

Our Firm would be pleased to represent you. As required by the State Bar of California, an attorney must provide a written engagement agreement which sets forth the administrative steps the Firm follows in accepting an engagement and the general terms of our agreement to represent you. This letter meets that purpose and must be agreed to and signed by you for us to undertake your representation.

1. **Conflicts of Interest.**

The Firm's intake procedures require receiving and approving an executed copy of this engagement letter, checking for any conflicts of interest based upon the information that you have provided us and taking certain other routine clerical steps. Subject to satisfying these procedures, we will open a file and commence work for you on this matter. Should it later develop that, based upon information that was not known at the time we started work, a conflict of interest exists or has developed, we will immediately contact you to determine what options we have within the ethical considerations of the canon of ethics to resolve the matter or to help you obtain other counsel.

2. **Scope of Agreement.**

To confirm our understanding, you have agreed to engage our services in connection with your patent and trademark legal matters. Our normal billing practice is to base legal fees on the amount of time devoted to a particular matter at hourly rates for the attorneys

CFC Holdings, LLC

dba California Feather Company

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and other personnel (such as paralegal assistants) involved in the project. Any other fee arrangements must be agreed to by you and us in writing. Our fees are adjusted from time to time to take account of various factors, including matter complexity and increased costs.

The hourly rates for attorneys and paralegals in the Firm presently range from \$70 for certain paralegals to \$300.00 for the most experienced attorneys working on the most complicated matters. The attorney most often working on your matters will be Kenneth L. Sherman and his billing rate will be \$300.00.

As we have discussed, it is not possible at the beginning of any project to determine exactly the nature, extent and costs of the legal services that may be required. Even carefully prepared estimates may turn out to be high or low. Naturally, we will endeavor to minimize attorneys' fees and costs in keeping with sound legal and ethical practices and we will keep you apprised with monthly billings. Our experience has been that our clients consider our fees to be reasonable in light of the responsibilities assumed, the effort expended, the results achieved and the expediency with which the project is completed.

3. **Costs and Expenses.**

You acknowledge that we may advance and/or incur various expenses in providing services to you unless we determine the magnitude thereof is of such amount as to make other arrangements appropriate. You agree to reimburse us for all out-of-pocket expenses ("Costs") paid by us, or, if you are billed directly for these expenses, to make prompt, direct payments to the originators of the bills. You will be responsible for and authorize us to incur reasonable costs in connection with our work under this agreement and to pay the same out of any funds in our trust account as they become due.

You agree to pay all actual costs and expenses incurred or advanced by us, including, but not limited to, the following: filing fees, marshals' and process servers' fees, fees and other charges assessed by courts, arbitrators, referees, retired judges, and public agencies, long distance telephone calls, facsimile transmissions, messenger and other delivery fees, witness and jury fees, investigation expenses, consultants' and expert witness fees, costs of videotaping depositions and site inspections, costs of digitizing videotape onto CD-ROM for presentation at trials and hearings, court reporters fees, computer service bureau fees, costs of production of trial graphics and other demonstrative evidence, express mail or other priority mail charges, Lexis/Nexis, Internet and other computer aided research expenses, parking, photocopying and

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other reproduction, and other similar items, and such other items as we may reasonably incur. If we are required to travel, you will be responsible for all costs of such travel, including local parking and travel mileage, and out of town travel expenses including airfare, lodging, meals, and ground transportation.

It may be necessary to hire expert witnesses, consultants, jury consultants, and/or investigators to aid in the preparation or presentation of a case. You or we may also deem it prudent to utilize the expertise of an attorney outside of this office for certain phases of your representation. We will consult with you at the time we hire such persons. You authorize us to incur all reasonable costs and to hire any associate attorney, independent contractor, investigator, consultant or expert witness reasonably necessary or appropriate in our judgment. When you consent to the hiring of such person, you will be responsible for such person's fees and charges, and you agree, at our option, to make separate financial arrangements with that person and agree that the money supplied by you to us pursuant to this Agreement is not intended to be applied toward any amounts due to any such person. If we advance fees and costs to such persons on your behalf, these costs will be itemized on monthly statements submitted to you, and you are required to pay such costs.

4. **Statements.**

We generate monthly invoices which are sent to our clients during the first few days of each month. All invoiced amounts are immediately due and payable. If payment is not received within thirty (30) days following the date of any invoice in question, a late payment charge of one and one-half percent (1½%) of the outstanding balance owed will be added to your statement for the month following the date of such unpaid invoice and for each month thereafter until payment is received.

In fairness to the majority of the Firm's clients who pay their bills promptly each month, late payment charges have been established so that the minority of clients whose accounts become delinquent will bear the Firm's cost of late payment. This enables us to render top quality legal services at the lowest possible expense to our clients. Additionally, any clients who are consistently dilatory in their payment of fees will be considered for a higher billing rate to account for the increased burden.

The periodic statements we send you will state the current status of your account, both for services rendered and for costs incurred on your behalf, and you agree to pay any

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balance due on those statements upon receipt. Each person signing below will be jointly and severally responsible for all obligations to us.

At any time you request, we will provide a statement to you no later than ten (10) days following your request. You are entitled to make subsequent requests for statements at intervals of no less than thirty (30) days. You have the right to have the form of statement for services in any reasonable manner you choose, including a summary billing, a bill reflecting time entries, a bill reflecting day, task and attorney or an abbreviated bill. The form of the statement will be in the manner we select, unless you request otherwise in writing.

5. **Retainer and Deposit.**

A retainer is required for all new clients. We have agreed to an initial retainer in the amount of \$1,000.00. Any retainer is, of course, a deposit for payment of a portion of the legal fees and costs to be incurred. Except to the extent that legal fees are accrued and costs are incurred, any retainer we hold will remain your property and you are entitled to request a refund of any unused portion.

You hereby authorize us to endorse your name on your behalf and to deposit any proceeds you receive in our Client Trust Account.

Unless we have otherwise agreed, as legal fees and costs are incurred, we will apply any unused portion of the retainer to your monthly invoice. By your execution of this letter, you are authorizing us to apply your retainer to pay your statements for services as such sums are billed. We may require additional retainers, from time to time, as we deem necessary. In the event any matter involves a trial, arbitration or other contested proceeding, we may require an additional retainer substantially in advance of the adversarial proceeding.

At such time that the balance of the retainer account shall fall below \$1,000.00, we shall bill you for the deficiency, and you shall immediately provide us with such funds so as to bring the account current. During certain months, the costs incurred may exceed the balance deposited in your retainer account. If this should occur, and your balance is not replenished to at least cover the amount by which our charges exceed the amount that you have on deposit ("the delinquency"), then after 30 days you will be charged with interest on the delinquency at the rate of 1.5% per month.

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6. **Discharge and Withdrawal.**

We will endeavor to represent you promptly and efficiently according to the highest legal and ethical standards. However, you have the right to terminate our services at any time upon written notice to us. We also have the right to terminate our services to you, upon written notice, if you fail to pay for our services in a timely manner, if you fail to cooperate with a reasonable request or if we determine that continuing services to you would be unethical, impractical, improper or otherwise undesirable. We each agree to sign any documents reasonably necessary to complete any such termination.

7. **Arbitration of Disputes.**

While we do not anticipate any problem in our relationship with you, any controversy, claim or dispute in the course and scope of the attorney-client relationship or arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate ("Disputes"), shall be determined by arbitration in Los Angeles, California, before a sole arbitrator, in accordance with the laws of the State of California for agreements made in and to be performed in California. Disputes shall include, without limitation, those involving fees, costs, billing, claims of professional negligence, malpractice and breach of ethical or fiduciary duties. The arbitration shall be administered by the American Arbitration Association ("AAA") pursuant to its Commercial Rules. The arbitrator shall be a member of the AAA Law Practice Dispute Resolution Panel. The arbitrator shall apply California law in making any award. The arbitrator shall, in the Award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees and costs of the prevailing party, against the party who did not prevail. Judgment on the Award may be entered in any court having jurisdiction. This agreement to arbitrate is not intended to abrogate the client's right to require a nonbinding fee arbitration pursuant to California Business & Professions Code sections 6200-06. If the client demands the arbitration of a fee dispute pursuant to these provisions, either party may seek to consolidate that arbitration with any other arbitration pending between the parties. You should understand that this paragraph means, among other things, that you are giving up your right to a jury trial.

In any action, litigation, arbitration, or proceeding (hereinafter "Action") between the parties arising out of or in relation to this Agreement or our representation of you, the prevailing party in such Action shall be awarded, in addition to any damages or other relief, and

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dba California Feather Company

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without regard to whether such Action be prosecuted to final judgment, such party's costs and expenses, including, but not limited to, reasonable taxable and non-taxable costs, and reasonable attorney's, accountant's and expert's fees incurred in bringing or defending such Action, litigation or proceeding and/or enforcing any judgment or order granted therein. Any judgment or order entered in such Action shall contain a specific provision providing for the recovery of attorney's fees and the costs identified in the preceding sentence incurred in enforcing such judgment or order. If the judgment or order should fail to contain such a provision, the prevailing party shall have the right to initiate further action to recover its attorney's fees and the costs identified above incurred in enforcing such judgment or order, which right shall survive the entry of judgment or order in the initial Action. For purposes of this paragraph, attorney's fees shall include, without limitation, fees incurred in the following: (1) post-judgment motions; (2) appellate proceedings; (3) contempt proceedings; (4) garnishment, levy and debtor and third-party examinations and proceedings; (5) discovery; and (5) bankruptcy litigation. In the event we represent ourselves in such dispute and we are the prevailing party, you agree that we shall be entitled to recover the reasonable value of our time incurred in representing ourselves, measured by the prevailing rates we charge to other clients.

For your information, our firm does not maintain any insurance policy for errors and omissions or any other policy which would cover this matter in any way. You acknowledge that we can not, will not and have not guaranteed any outcome to any case in any way. We have advised you that you may wish to have this arrangement reviewed by other counsel prior to your execution of this Agreement.

8. **Disclaimer of Guarantee.**

We have made no representations, promises or guarantees to you about the outcome or success of any matter. Nothing in this agreement shall be construed as such a promise or guarantee, and your obligation to pay the fees and costs incurred in connection with this matter is not dependent in any way on the success of the matters on which you consult with us.

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dba California Feather Company  
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9. **Replacement or Withdrawal of Attorneys.**

We may withdraw from representing you at any time upon reasonable notice to you. Some of the reasons we might choose to withdraw would be: (1) your breach of this Agreement, (2) your refusal to cooperate with us or to follow our advice on a material matter, including your refusal to accept a settlement offer we recommend, or (3) any fact or circumstance that would render our continuing representation of you unlawful or unethical. You agree to sign any documents reasonably necessary to effect or complete our discharge or withdrawal. Upon the termination or conclusion of our representation of you, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable.

10. **Attorneys' Lien on Recovery.**

You hereby grant us a lien on any and all your funds on deposit in our Client Trust Account, on any and all funds or property receivable by you in connection with those matters which are the subject of our employment, and on any and all claims and causes of action you may assert in any action or proceeding brought by us on your behalf under this Agreement, including, but not limited to, court ordered sanctions regarding attorney's fees. Our lien will be for any sums due and owing by you to us under this Agreement, including fees and out-of-pocket costs. The lien will reach any recovery you may obtain, whether by judgment, settlement or otherwise. We have the right to deduct the amount of fees and costs owing from any such recovery.

11. **Termination or Conclusion.**

Upon the termination or conclusion of our services, all unpaid charges for services rendered and costs incurred or advanced through the termination or conclusion date shall become immediately due and payable. We acknowledge our obligation, upon your demand, to deliver your file to you at or after the termination or conclusion of our services. Should we determine not to maintain your file following completion of the performance of work on the retained matter, we shall provide you, in writing, with the opportunity to retain the file. Should you not wish to retain the file or should you not respond to us in writing within 30 days of our letter with instructions to forward the file to you, then we shall be entitled to discard the file.

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dba California Feather Company  
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12. **Choice of Law/Choice of Forum.**

This agreement is entered into in Los Angeles, California and the place of performance of this Agreement is Los Angeles, California. This agreement shall be governed and interpreted in accordance with the laws of California, including all matters of construction, validity, performance and enforcement, without giving effect to principles of conflict of laws. You hereby consent, in any dispute, action, litigation, arbitration or other proceeding concerning this Agreement or our respective obligations hereunder, to the jurisdiction of the courts of California, and that the County of Los Angeles shall be the sole venue for the bringing of such action or proceeding.

13. **Additional Matters.**

If you request us to represent you in additional matters, a new engagement letter will not be prepared, unless we both agree otherwise in writing. Absent a new engagement letter, the terms of this letter shall control any additional matters except for the amount of the retainer.

Please contact us as soon as possible if this letter does not accurately reflect your understanding of our agreement. Any corrections or changes must be in writing and signed by both of us. Otherwise, please sign and return this letter, along with your check for \$1,000.00 as the retainer at your earliest convenience.

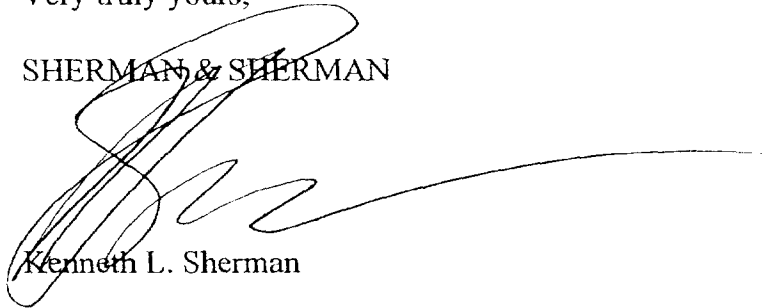


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We are delighted to be working with you. We have enclosed a copy of our Firm resume to better acquaint you with our Firm. Please call me if you have any questions.

Very truly yours,


SHERMAN & SHERMAN

A large, stylized handwritten signature in black ink, appearing to read 'K. Sherman', with a long horizontal flourish extending to the right.

Kenneth L. Sherman

KLS/mpd  
Enclosure

The foregoing accurately sets forth all of the terms of your engagement and is approved and accepted this 22 day of December, 1999.



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Scott Chaplan, Chief Executive Officer  
on behalf of CFC Holdings, LLC