

COLLATERAL ASSIGNMENT
(Security Agreement)

WHEREAS, Dial Industrial Sales, Inc. a New York corporation ("Assignor"), located and doing business at 10 Esquire Road, Suite 19, New City, New York 10956, is the owner of the trademarks (the "Trademarks") which are registered in the United States Patent and Trademark Office and listed in Exhibit A hereto.

WHEREAS, Business Alliance Capital Corp., a Delaware corporation("Assignee"), located and doing business at 300 Alexander Park, Princeton, New Jersey 08543, has extended credit to Assignor and, Assignee and Assignor have entered into, among others, a Loan and Security Agreement dated the date hereof (the "Loan Agreement"); and

WHEREAS, in order to secure Assignor's Obligations (as defined in the Loan Agreement) to the Assignee, Assignor wishes to grant to Assignee a security interest in the Collateral and the goodwill and certain other assets with respect to the Collateral, as further set forth herein.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Assignor as security for the full payment and performance of the Obligations, and to evidence further the security interest granted to the Assignee pursuant to the Loan Agreement, hereby assigns, sells, transfers, and conveys to Assignee and grants to Assignee a security interest in all of Assignor's right, title and interest in:

- (a) the Trademarks;
- (b) all right of action, claims for damages, profits and costs, all other demands for any sum or sums of money whatsoever which it has or may have either at law or in equity, against any and all persons, firms, corporations and associations by reason of infringement upon said Trademarks.
- (c) all proceeds, including without limitation, license royalties and proceeds of infringement suits, based on the Trademarks;
- (d) all licenses and other agreements relating to the Trademarks and the use thereof; and
- (e) all goodwill of Assignor's business connected with, symbolized by or in any way related to the items set forth in clauses (a) through (d) above.

All of the foregoing items set forth in clauses (a) through (e) are hereinafter referred to collectively as the "Collateral."

AND Assignor and Assignee agree as follows:

1. Assignor's Obligations. Assignor agrees that, notwithstanding this Assignment, it will perform and discharge and remain liable for all its covenants, duties, and obligations arising in connection with the Collateral and any licenses and agreements related thereto. Assignee shall have no obligation or liability in connection with the Collateral or any licenses or agreements relating thereto by reason of this Assignment or any payment received by Assignee relating to Collateral, nor shall Assignee be required to perform any covenant, duty, or obligation or Assignor arising in connection with the Collateral or any license or agreement related thereto or to take any other action regarding the Collateral or any such licenses or agreement.

Assignee shall have no obligation to maintain, preserve or renew the Trademarks, nor to take any action to prohibit the infringements or unauthorized use of same by any third party.

2. Use Prior to Default. Unless and until an Event of Default under, and as defined in, the Loan Agreement shall occur and be continuing, Assignor shall retain the legal and equitable title to the Trademarks and

shall have the right to use the Collateral subject to the terms and covenants of the Loan Agreement, and this Assignment.

3. Remedies Upon Default. Whenever any Event of Default, under, and defined in, the Loan Agreement shall occur, Assignor's rights pursuant to Section 2 hereof shall terminate and be null and void, and Assignee shall have all the rights and remedies granted to it in such event by the Loan Agreement, which rights and remedies are specifically incorporated herein by reference and made a part hereof. Assignee in such event may collect directly any payments due to Assignor in respect of the Collateral and may sell, license, lease, assign, or otherwise dispose of the Collateral in the manner set forth in the Loan Agreement. Assignor agrees that, in the event of any disposition of the Collateral upon any such Event of Default, it will duly execute, acknowledge, and deliver all documents necessary or advisable to record title to the Collateral in any transferee or transferees thereof, including, without limitation, valid, recordable assignments of the patents. In the event Assignor fails or refuses to execute and deliver such documents, Assignor hereby irrevocably appoints Assignee as its attorney-in-fact, with power of substitution, to execute, deliver, and record any such documents on Assignor's behalf. For the purpose of enabling Assignee to exercise rights and remedies upon any such Event of Default, Assignee hereby grants to Assignee an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to Assignor) to use, assign, license, or sub-license any of the Collateral, now owned or hereafter acquired by Assignor, and wherever the same may be located.

4. Cumulative Remedies. The rights and remedies provide herein are cumulative and not exclusive of any other rights or remedies provided by law. The rights and remedies provided herein are intended to be in addition to and not in substitution of the rights and remedies provided by the Loan Agreement or any other agreement or instrument delivered in connection therewith.

5. Amendments and Waivers. This Assignment may not be modified, supplemented or amended, or any of its provisions waived at the request of Assignor, without the prior written consent of Assignee.

6. Reassignment. At such time as Assignor shall completely satisfy all of the Obligations, Assignee will execute and deliver to Assignor all deeds, assignments and other instruments as may be necessary or proper to re-vest Assignor full title to the Collateral, subject to disposition thereof which may have been made by Assignee pursuant hereto.

7. Severability. If any clause or provision of this Assignment shall be held invalid or unenforceable, in whole or in part, in any jurisdiction, such invalidity or unenforceability shall attach only to such clause or provision, or part thereof, and shall not in any manner affect any other clause or provision in any jurisdiction.

8. Notices. All notices, requests and demands to or upon Assignor or Assignee under this assignment shall be given in the manner prescribed in the Loan Agreement.

9. Governing Law. This Assignment shall be governed by, construed, applied and enforced in accordance with the substantive laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties have entered into this Collateral Assignment on this 4th day of June, 1998.

Dial Industrial Sales, Inc.

By: Charles McDonnell
Name: Charles McDonnell
Title: President

ATTEST:

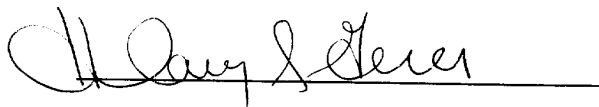
[Signature]

BUSINESS ALLIANCE CAPITAL CORP.

By: [Signature]
Name: WILLIAM F. SEIBOLD
Title: SENIOR VICE PRESIDENT

STATE OF NEW York :
 : SS.
COUNTY OF New York :

Before me this 4th day of June, 1998, personally appeared the above named Charles McDonnell, to me personally known, and acknowledged to me that he is President of Dial Industrial Sales, Inc., and acknowledged the foregoing instrument to be the free act and deed of said corporation.

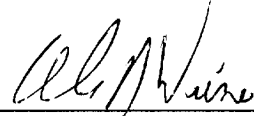


HILARY S. GEIER
Notary Public, State of New York
No. 4781100
Qualified in Suffolk County
Commission Expires December 31, 1999

(Seal)

STATE OF NEW Jersey :
 : SS.
COUNTY OF Mercer :

Before me this 6th day of June, 1998, personally appeared the above named officer of Business Alliance Capital Corp., to me personally known, and acknowledged to me that (s)he is an officer, and acknowledged (s)he was authorized to execute and deliver the foregoing instrument on behalf of said corporation.



ALAN D. WIENER
ATTORNEY AT LAW
OF THE STATE OF NEW JERSEY

Exhibit A

<u>Name</u>	<u>Reg No.</u>	<u>Registration Date</u>
Telesteps	1,822,324	Feb. 22, 1994