

MPD 8-24-98

FORM PTO-1018A
Expires 06/30/99
OMB 0651-0027



08-31-1998

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



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TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment License
 - Security Agreement Nunc Pro Tunc Assignment
 - Merger Change of Name
 - Other _____
- Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name REEVES MANUFACTURING, INC.

8/21/98

Formerly TANGLEWOOD HOLDINGS, INC.

Individual General Partnership Limited Partnership Corporation Association

Other _____

Citizenship/State of Incorporation/Organization DELAWARE

Receiving Party

Mark if additional names of receiving parties attached

Name STOLBERG PARTNERS, LP

DBA/AKA/TA _____

Composed of _____

Address (line 1) 767 THIRD AVENUE

Address (line 2) 32ND FLOOR

Address (line 3) NEW YORK

City

NEW YORK

State/Country

10017

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other _____

Citizenship/State of Incorporation/Organization DELAWARE

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 1773 FRAME: 0675

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1,182,953"/>	<input type="text" value="772,436"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

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. Charges to deposit account are authorized, as indicated herein.

BREWSTER TAYLOR



8/24/98

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Security Agreement") is entered into as of the 21st day of August, 1998, by and between STOLBERG PARTNERS, L.P., a Delaware limited partnership (hereinafter, "Secured Party"), and REEVES MANUFACTURING, INC., a Delaware corporation (hereinafter, the "Company"). As an inducement to Secured Party to enter into this Security Agreement and enter into the transactions described below, PATRICK J. RICHARDSON ("Richardson") joins as a party hereto for purposes of evidencing his agreement and acquiescence to the transactions contemplated by this Security Agreement, all as more particularly set forth below. The consideration to Richardson, among other things, is that following the parties' consummation and full performance of the transactions contemplated by this Security Agreement, he will become the sole and controlling stockholder of the Company.

RECITALS

WHEREAS, pursuant to that certain Stock Purchase Agreement of even date herewith by and among the Company, Secured Party and Richardson, (the "Stock Purchase Agreement"), the Company has delivered to Secured Party that certain Promissory Note (the "Note"), of even date herewith, in the original principal amount of One Hundred Thousand Dollars (\$100,000.00);

WHEREAS, in consideration for the Stock Purchase Agreement and as security for repayment of the Note, the Company has agreed to grant to Secured Party a security interest in the collateral described below, as well as in the collateral described in that certain Stock Pledge Agreement (the "Stock Pledge Agreement") of even date herewith by and among the Company, Secured Party and Richardson;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. **Security Interest.** (a) In order to secure the full and punctual payment of the Obligations (as defined below) in accordance with the terms thereof, and to secure the performance of this Security Agreement, the Company hereby pledges and assigns to the Secured Party, and grants to the Secured Party a continuing lien and security interest (the "Security Interest") in and to all of the following property of the Company, both now owned and existing and hereafter created, acquired and arising and regardless of where located (all such property being herein called the "Collateral"): (i) all of the Company's accounts, accounts receivable, receivables, general intangibles, contract rights (including the Seller's Purchase Right being purchased by the Company pursuant to, and as defined in, the Stock Purchase Agreement), and the 4,000 shares of Reeves Manufacturing, Inc. Convertible Preferred Stock, \$0.01 par value, being convertible into 4,000 shares of Common Stock purchased by the Company pursuant to, and which is more particularly described in, the Stock Purchase Agreement, together with the rights to any proceeds from all of the foregoing, (ii) all of the Company's inventory, furniture, fixtures, goods, consumer goods, and supplies, (iii) all of the Company's equipment as such term is defined by the Maryland Uniform Commercial Code, together with all additions, parts, fittings, accessories, special tools, attachments,

and accessions now and hereafter affixed thereto and/or used in connection therewith, and all replacements thereof and substitutions therefor, the foregoing being herein called the "Equipment", (iv) all the Company's applications for letters patents, and the inventions therein disclosed, described or claimed, and letters patents of the United States of America or other countries which may be granted for any thereof, and all reissues, divisions, continuations, extensions, and renewals of any such letters patents, including without limitation, Patent No. 4,601,075 (Emergency Stretcher), Patent Des. No. 291149 (Emergency Bag), and Patent No. 5,564,128 (Safety Helmet with Electroluminescent Lamp), any and all copyrights, trade names, trademarks, and service marks, together with the goodwill of the business symbolized by said marks, any applications for registration of said marks, and any registrations which may issue therefrom, including without limitation, Trademark No. 772436 ("Reeves"), Trademark No. 1182952 ("First Call"), and the mark "Redi-Bag," (canceled Trademark No. 1180805), all royalties, fees and other payments made or to be made to the Company with respect thereto, and all rights, interests, claims and demands that the Company has or may have in existing and future profits and damages for past and future infringements thereof, the foregoing being herein called the "Intellectual Property," (v) all of the Company's licenses, permits, franchises, technologies, methods, formulations, databases, trade secrets, know-how, inventions and other intellectual property, whether or not proprietary to the Company, including without limitation the aforescribed Intellectual Property, together with all underlying concepts, ideas, formats, descriptions, interfaces and media associated therewith, (vi) all of the Company's chattel paper, money, negotiable documents, instruments, correspondence, agreements, documents, documentation, papers, books, files, records and other transcribed information of any type, whether expressed in ordinary, machine or computer language pertaining to the Company's business or to any of the Collateral described in clauses (i), (ii), (iii), (iv) and (v) immediately above, including, without limitation, customer lists, credit files, computer programs, computer software, computer object and source codes, disks, tapes, printouts, manuals and data, sales and advertising materials, distribution and purchase correspondence and records, and all other files, documents, materials and records used in or related to the Company's business, and (vii) all cash and noncash proceeds and products of the Collateral described in clauses (i), (ii), (iii), (iv), (v), and (vi) immediately above, including, without limitation, all insurance proceeds and all cash and noncash proceeds deposited in any deposit account, and all accounts, chattel paper, instruments, inventory, equipment, general intangibles and goods (as such terms are defined by the Maryland Uniform Commercial Code) or other property purchased or acquired with cash or noncash proceeds of such Collateral.

2. **Obligations.** This Security Agreement and the security interest granted hereby secures (i) the unpaid principal of and interest on the Note, and (ii) all other obligations owing to Secured Party under the Note, this Security Agreement, or the Stock Pledge Agreement, whether for principal, interest, late fees, damages, attorney's fees, expenses or otherwise (collectively, the "Obligations").

3. **The Company's Representations and Warranties.** The Company hereby represents and warrants the following to Secured Party:

(a) **Ownership of Collateral.** The Company is the owner of all the Collateral, free and clear of all liens except those of (i) Farmers & Mechanics National Bank, pursuant to a

lending instrument, (ii) its landlord pursuant to the current lease of its office and manufacturing space, and (iii) the holders of miscellaneous purchase money security interests and lessors of equipment under lease agreements as may apply to specific items of equipment used by the Company in its business.

(b) **Valid Obligation.** The Company has the full power and authority to enter into and perform its obligations under this Security Agreement and the Note, subject only to the rights of prior lienholders in the Collateral.

(c) **No Actions.** There are no actions, suits, proceedings or investigations pending or to the best of the Company's knowledge threatened against or affecting the Company, or any of its property or assets, including, but not limited to, the Collateral, in any court, or before any arbitrator of any kind or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, which would adversely affect the Company, the lien of the Security Interest or the value of the Collateral.

(d) **Good Standing/Authority.** The Company is a corporation organized under the State of Delaware and is, and during the term of the Note will continue to be, in good standing in such jurisdiction. The Company has the requisite corporate authority to enter into this Security Agreement, as well as the Note; and the officers of the corporation executing this Security Agreement on behalf of the Company have been duly authorized to take such action; and upon execution by the Company, this Security Agreement will become a valid, binding and enforceable obligation of the Company.

(e) The Company agrees, represents, covenants and warrants that for so long as the Obligations remain unpaid:

(i) Company shall keep the Collateral, free from any and all additional liens or encumbrances, whether senior or junior to or having the same priority as Secured Party's interest hereunder, except in connection with the transactions contemplated hereunder;

(ii) Company shall not sell, convey, mortgage or encumber any interest in the Collateral without the specific consent of Secured Party;

(iii) Company shall (a) keep such books and records, including computer records, pertaining to the Collateral, including but not limited to accounts and contract rights at its address identified herein; (b) permit representatives of Secured Party at any time to inspect and make abstracts of Company's books and records, including computer records, pertaining to the Collateral, including but not limited to accounts and contract rights; and (c) if requested by Secured Party, submit and deliver to Secured Party at its address identified herein, or at such other address designated by Secured Party, such books and records and other information and reports regarding the Collateral, including but not limited to accounts and contract rights, and Company's financial status, as Secured Party may from time to time require;

(iv) Company shall give such notice in writing as Secured Party may require

at any time to any or all account debtors indebted on all or any of the accounts and, if Secured Party shall so request, deliver to Secured Party copies of any and all such notices. In addition, Secured Party or its agents may (a) transmit to any or all account debtors at any time or times such notice, and any failure to give such notice by Secured Party shall in no way affect Secured Party's rights and interests hereunder or under any account; or (b) request from account debtors at any time or times information concerning the amount owing under any or all accounts; and

(v) Company shall transmit to Secured Party promptly all information that it may have or receive with respect to accounts or with respect to any account debtor that might in any way affect the value of accounts or Secured Party's rights or remedies with respect to them.

5. **Financing Statements.**

At the request of Secured Party, Company shall join in executing one or more financing statements in form satisfactory to Secured Party, pursuant to Title 9 of the Maryland Uniform Commercial Code and Article 9 of the Uniform Commercial Code as enacted in any other state in which Secured Party deems necessary or desirable to file financing statements. Secured Party shall pay the costs of filing such financing statement or statements.

Without limiting the foregoing, when signed by Company and Secured Party, this Security Agreement, or a carbon, photographic copy or other reproduction hereof, is sufficient as a financing statement for this secured transaction, and may be used and filed as such by Secured Party.

6. **Assignment of Accounts.**

(a) Company hereby assigns to Secured Party all accounts of Company now existing or subsequently arising and, in conjunction with said assignment, irrevocably appoints Secured Party as Company's true and lawful attorney-in-fact, with full power of substitution, in Secured Party's name or Company's name or otherwise, for Secured Party's sole use and benefit, but at Company's cost and expense, to exercise at any time and from time to time all or any of the following powers with respect to all or any of the accounts until such time as the Obligations are fully satisfied:

(i) To demand, sue for, collect, receive and give acquittance for any and all monies due or to become due on or by virtue thereof;

(ii) To receive, take, endorse, assign and deliver any and all checks, notes, drafts, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by Secured Party in connection therewith;

(iii) To settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(iv) To sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof or the relative goods, as fully and effectively as if Secured Party were the absolute

owner thereof; and

(v) To extend the time of payment of any and all thereof and to make any allowance and other adjustments with reference thereto.

Provided, however, the exercise by Secured Party of or failure to so exercise any such authority shall in no manner affect Company's liability to Secured Party hereunder or under the Obligations, or any note or other document evidencing the Obligations, and provided, further, that Secured Party shall be under no obligation or duty to exercise any of the powers hereby conferred on it and it shall be without liability for any act or failure to act in connection with the collection of, or the preservation of any rights under, any one or more of the accounts. Secured Party shall not be bound to take any steps necessary to preserve rights in any instruments or chattel paper against prior parties.

(b) Presentation of a photocopy of this Security Agreement to any account debtor of the Company or such other person or entity holding Company's monies or sums due to Company shall be sufficient authorization to such account debtor, person or company to pay such monies or sums to Secured Party.

(c) Secured Party agrees to take no action as assignee of the accounts of the Company so long as there is no default under this Security Agreement pursuant to Section 7 of this Security Agreement.

7. Default.

(a) **Events of Default.** The Company shall be in default under this Security Agreement upon the happening of any one of the following events or conditions (hereinafter a "Default" or an "Event of Default"):

(i) The Company shall fail to perform any obligation under this Security Agreement.

(ii) There shall occur any default or Event of Default on the part of the Company under the Note, the Stock Pledge Agreement, or any other instrument securing, evidencing or relating to the Obligations.

(b) **Remedies Upon Default.** Upon occurrence of such a default and at any time thereafter, (provided such default, if subject to cure, is not cured within the applicable cure period), Secured Party may accelerate and declare the entire amount of the Obligations secured hereby immediately due and payable and may proceed to enforce payment of the Note and to exercise any and all of the rights and remedies provided by the applicable provisions of the Maryland Uniform Commercial Code, as well as all other rights and remedies to which Secured Party may be entitled under this Security Agreement or otherwise. In accordance with the applicable provisions of the Maryland Uniform Commercial Code, Secured Party shall have the ability to proceed against all or any portion of the Collateral upon the occurrence of Default, in its sole discretion. The Company

shall pay to Secured Party on demand and shall be liable for any and all expenses, including reasonable attorneys' fees and legal expenses, incurred or paid by Secured Party in protecting or enforcing the Obligations, including but not limited to the Note, and other rights of Secured Party hereunder, including but not limited to the right to take possession of the Collateral, as well as collecting, perfecting an assignment, retaking, holding, preparing for sale or lease, selling, leasing, and the like, all of which expenses shall become part of the Obligations and shall be recoverable from the proceeds of disposition of the Collateral as provided for in Section 9-504 of the Maryland Uniform Commercial Code, and any other applicable law.

8. Miscellaneous.

(a) **Assignment.** This Security Agreement shall be for the benefit of Secured Party, its successors or assigns, and may be assigned by Secured Party to any assignee of the Note. In the event that Secured Party shall assign, endorse, sell, transfer or pledge to any person, firm, bank or corporation the Note, or any other note or other document evidencing the Obligations, or any part thereof, such assignment or transfer shall automatically constitute an assignment and transfer of this Security Agreement and of all rights given hereunder pro tanto. Such assignee, endorsee, transferee or successor of Secured Party shall be granted and shall have, jointly with Secured Party, all of the rights and privileges given to Secured Party, in accordance with the terms hereof.

(b) **Waiver.** No delay on the part of Secured Party in exercising any power or right shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude other or further exercise thereof or the exercise of any other power or right. No waiver by Secured Party of any right hereunder or of any default by the Company shall be binding upon Secured Party unless in writing, and no failure by Secured Party to exercise any right hereunder or waiver of any default of the Company shall operate as a waiver of any other or further exercise of such right or of any further default.

(c) **Benefits and Burdens.** The rights and obligations of the parties herein shall be binding on and inure to the benefit of their respective successors and assigns.

(d) **Captions.** Captions herein are for convenience of reference only, and in no way limit, expand, or define the scope of the terms hereof.

(e) **Notices.** Any notice or other communications required or permitted under this Security Agreement shall be deemed to be sufficient if contained in a written instrument delivered by hand delivery or a recognized overnight delivery service, or sent by first class certified mail, postage prepaid and return receipt requested, or by fax addressed to such party at the address or fax number set forth below or such other address or fax number as may hereafter be designated in writing by the addressee to the addressor:

if to Secured Party, to:

Stolberg Partners, L.P.
Attention: Mark P. Naylor
767 Third Avenue, 32nd Floor

New York, New York 10017
Fax Number: (212) 826-0371

with a copy to:

Andrew C. Meehan, Esquire
Jackson & Campbell, P.C.
1120 Twentieth Street, NW -- South Tower
Washington, D.C. 20036
Fax Number: (202) 457-1678

if to the Company, to:

Reeves Manufacturing, Inc.
Attention: P.J. Richardson, President
30 East 9th Street
Frederick, Maryland 21701
Fax Number: (301) 698-1599

with a copy to:

Brian E. Barkley, Esquire
Barkley & Kennedy
51 Monroe Street, Suite 1407
Rockville, Maryland 20850
Fax Number: (301) 762-2606

if to Richardson, to:

Patrick J. Richardson
30 East 9th Street
Frederick, Maryland 21701

with a copy to:

Brian E. Barkley, Esquire
Barkley & Kennedy
51 Monroe Street, Suite 1407
Rockville, Maryland 20850
Fax Number: (301) 762-2606

or, in any case, at such other address or addresses as shall have been furnished in writing by such party to the other parties hereto. All such notices, requests, consents and other communications shall be deemed to have been received (a) in the case of hand delivery or a recognized overnight delivery service, on the date of such delivery, (b) in the case of certified mail, on the fifth business day following the date of such mailing and (c) in the case of fax, when received, except for notice of change of address which shall be deemed given only upon actual receipt.

(f) **Modification.** No provision hereof shall be modified, amended, waived or limited except by a written agreement expressly referring hereto and to the provision so modified, amended, waived, or limited and signed by Secured Party and the Company. No provision hereof shall be modified, amended, waived, or limited by course of conduct or usage of trade.

(g) **Severability.** The unenforceability of any provision of this Security

Agreement shall not affect the enforceability or validity of any other provision hereof, or the enforceability of the same provision as applied to different circumstances.

(h) **Applicable Law.** This Security Agreement shall be governed by and construed in accordance with the laws of the State of Maryland without regard to its conflict of laws provisions.

(i) **Further Assurances.** Company agrees to execute and deliver from time to time such additional instruments, documents and agreements as Secured Party may request to carry out the terms of this Security Agreement or to further evidence, secure, effectuate or perfect the Obligations to Secured Party or its security interest, or the priority thereof, in the Collateral.

(j) **Subordination.** The terms of this Security Agreement are subject to the provisions of that certain Subordination Agreement of even date herewith, by and among Secured Party, the Company, Richardson and Farmers & Mechanics National Bank.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first above written.

REEVES MANUFACTURING, INC.

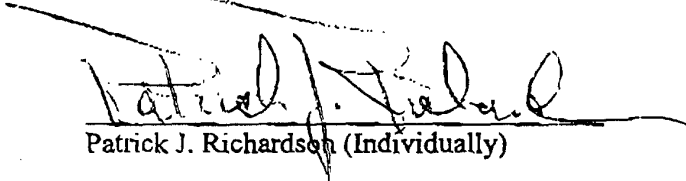
By: 
Patrick J. Richardson, President

STOLBERG PARTNERS, L.P.

By: SGMS, L.P., General Partner

By: Stolberg, Meehan & Scano, Inc., General Partner

By: _____
Mark P. Naylor, Authorized Agent


Patrick J. Richardson (Individually)

IN WITNESS WHEREOF, the parties have executed this Security Agreement as of the date first above written.

REEVES MANUFACTURING, INC.

By: _____
Patrick J. Richardson, President

STOLBERG PARTNERS, L.P.

By: SGMS, L.P., General Partner

By: Stolberg, Meehan & Scano, Inc., General Partner

By: Mark P. Naylor
Mark P. Naylor, Authorized Agent

Patrick J. Richardson (Individually)