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10-26-1998

FORM PTO-1618A  
Expires 06/30/99  
OMB 0651-0027

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



100860407

RECORDATION FORM COVER SHEET  
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  
9 22 98

Name

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

10-05-1998  
U.S. Patent & TMO/c/TM Mail Rcpt Dt. #70

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.)

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10/22/1998 SBURNS 00000106 75399996

01 FC:481 40.00  
02 FC:482 150.00

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Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK  
REEL: 1803 FRAME: 0080

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)

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.

Mary Ellen Welch Rogers  
Name of Person Signing

Mary Ellen Welch Rogers  
Signature

October 1, 1998  
Date Signed

RECORDATION FORM COVER SHEET  
CONTINUATION  
TRADEMARKS ONLY

**Conveying Party**

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

Individual  General Partnership  Limited Partnership  Corporation  Association

Other

Citizenship State of Incorporation/Organization

**Receiving Party**

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

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Address (line 2)

Address (line 3)     
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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 the Assignment.)

**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)

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## TRADEMARK SECURITY AGREEMENT

THIS SECURITY AGREEMENT is entered into as of September 22, 1998, by and between Henry Silverman Jewelers, Inc., a Delaware corporation, having its principal place of business at 503 Wando Park Boulevard, Mount Pleasant, South Carolina 29464 (the "**Borrower**"), and Paragon Capital LLC, a Delaware limited liability company with a usual place of business at 75 Second Avenue, Needham, Massachusetts 02494 and Foothill Capital Corporation, a California corporation with its principal place of business at 11111 Santa Monica Boulevard, Suite 1500, Los Angeles, California, 90025-3333 (collectively the "**Lender**").

NOW THEREFORE, in consideration of the premises, Borrower hereby agrees with Lender as follows:

**1. Grant of Security Interest.** Borrower hereby grants to Lender a first priority security interest in, and conditionally assigns, but does not transfer title to Lender, all of Borrower's right, title and interest in and to the following (collectively, the "**Collateral**") to secure payment and performance of all obligations of Borrower to Lender whether such obligations are direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including without limitation, those liabilities of Borrower to Lender pursuant to a Loan and Security Agreement dated September 22, 1998, between Lender and Borrower (the "**Loan Agreement**") (collectively, the "**Obligations**").

The Collateral shall consist of the following:

(a) Each of the trademarks, and rights and interests protectible as trademarks, which are presently, or in the future may be, owned, created, acquired or used (whether pursuant to a license or otherwise) by Borrower, in whole or in part, and all trademark rights with respect thereto throughout the world, including all proceeds thereof (including license royalties and proceeds of infringement suits), and rights to renew and extend such trademarks and trademark rights;

(b) All of Borrower's right, title and interest, in and to the trademarks and trademark registrations listed on Schedule A attached hereto, as the same may be updated hereafter from time to time;

(c) All of Borrower's right, title and interest to register trademark claims under any state or federal trademark law or regulation of any foreign country, and to apply for, renew and extend the trademark registrations and trademark rights, the right (without obligation) to sue or bring opposition or cancellation proceedings in the name of Borrower or in the name of Lender for past, present and future infringements of the trademarks, registrations or trademark rights and all rights (but not obligations) corresponding thereto in the United States and any foreign country, and the associated goodwill;

(d) All general intangibles relating to the Collateral; and

(e) All proceeds of any and all of the foregoing (including, without limitation, license royalties and proceeds of infringement suits) and, to the extent not otherwise included, all payments under insurance, or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to the Collateral.

**2. Warranties and Representations.** Borrower hereby warrants and represents to Lender the following:

(a) A true and complete schedule setting forth all federal and state trademark registrations owned or controlled by Borrower or licensed to Borrower, together with a summary description and full information in respect of the filing or issuance thereof and expiration dates is set forth on Schedule A;

(b) Each of the trademarks and trademark registrations is valid and enforceable, and Borrower is not presently aware of any past, present or prospective claim by any third party that any of the trademarks are invalid or unenforceable, or that the use of any trademarks violates the rights of any third person, or of any basis for any such claims;

(c) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the trademarks and trademark registrations free and clear of any liens, charges and encumbrances, except as set forth on Exhibit 5-5 of the Loan Agreement, including, without limitation, pledges, assignments, licenses, shop rights and covenants by Borrower not to sue third persons;

(d) Borrower has used and will continue to use proper statutory notice in connection with its use of each of the trademarks;

(e) Borrower has used and will continue to use consistent standards of high quality (which may be consistent with Borrower's past practices) in the manufacture, sale and delivery of products and services sold or delivered under or in connection with the trademarks, including, to the extent applicable, in the operation and maintenance of its merchandising operations, and will continue to maintain the validity of the trademarks that are material to the operation of the business of Borrower;

**3. After-Acquired Trademark Rights.** If Borrower shall obtain rights to any new trademarks, the provisions of this Agreement shall automatically apply thereto. Borrower shall give prompt notice in writing to Lender with respect to any such new trademarks or renewal or extension of any trademark registration. Borrower shall bear any expenses incurred in connection with future applications for trademark registration.

**4. Litigation and Proceedings.** Borrower shall commence and diligently prosecute in its own name, as the real party in interest, for its own benefit, and its own expense, such suits, administrative proceedings or other actions for infringement or other damages as are in its reasonable business judgment necessary to protect the Collateral. Borrower shall provide to Lender any information with respect thereto requested by Lender. Lender shall provide at Borrower's expense all necessary cooperation in connection with any such suit, proceeding or action, including, without limitation, joining as a necessary party. Following Borrower's becoming aware thereof, Borrower shall notify Lender of the institution of, or any adverse determination in, any proceeding in the United States Patent and Trademark Office, or any United States, state or foreign court regarding Borrower's claim of ownership in any of such trademarks, its right to apply for the same, or its right to keep and maintain such trademark rights.

**5. Power of Attorney.** Borrower hereby grants Lender power of attorney, having the full authority, and in the place of Borrower and in the name of Borrower, from time to time in Lender's

discretion to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, as may be subject to the provisions of the Loan Agreement, which appointment shall become effective and remain in effect upon the occurrence and continuation of a Suspension Event or an Event of Default, as those terms are defined in the Loan Agreement.

(a) To endorse Borrower's name on all applications, documents, papers and instruments necessary for Lender to use or maintain the Collateral;

(b) To ask, demand, collect, sue for, recover, impound, receive and give acquittance and receipts for money due or to become due under or in respect of any of the Collateral;

(c) To file any claims or take any action or institute any proceedings that Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce Lender's rights with respect to any of the Collateral and to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to any person.

**7. Right to Inspect.** Borrower grants to Lender and its employees and agents the right to visit Borrower's plants and facilities which manufacture, inspect or store products sold under any of the trademarks, and to inspect the products and quality control records relating thereto with reasonable notice and at reasonable times during regular business hours.

**8. Events of Default.** The occurrence of an Event of Default as that term is defined in the Loan Agreement, shall be an Event of Default hereunder.

**9. Specific Remedies.** Upon the occurrence of any Event of Default, as described in the Loan Agreement and in addition to any remedies set forth herein.

(a) Lender may notify licensees to make royalty payments on license agreements directly to Lender;

(b) Lender may sell or assign the Collateral and associated goodwill at public or private sale for such amounts, and at such time or times as Lender deems advisable. Any requirement of reasonable notice of any disposition of the Collateral shall be satisfied if such notice is sent to Borrower ten (10) days prior to such disposition. Borrower shall be credited with the net proceeds of such sale only when they are actually received by Lender, and Borrower shall continue to be liable for any deficiency remaining after the Collateral is sold or collected;

(c) If the sale is to be a public sale, Lender shall also give notice of the time and place by publishing a notice one time at least ten (10) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held; and

(d) To the maximum extent permitted by applicable law, Lender may be the purchaser of any or all of the Collateral and associated goodwill at any public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply all or any part of the Obligations as a credit on account of the purchase price of any Collateral payable by Lender at such sale.

10. **Governing Law.** All acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Borrower and Lender have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

HENRY SILVERMAN JEWELERS, INC.

By: Stuart Feltz  
          *Stuart Feltz*  
          *Chairman*

PARAGON CAPITAL LLC

By: Robert J. Shusterman  
          *Robert J. Shusterman*  
          Andrew H. Moser, President

*Robert J. Shusterman, EVP Chief Legal Officer*

FOOTHILL CAPITAL CORPORATION

By: [Signature]  
          *[Signature]*

**COMMONWEALTH OF MASSACHUSETTS**

County of

September 22, 1998

Then personally appeared the above-named, ~~Andrew H. Moser~~ *Stuart Feltz* and acknowledged the foregoing instrument to be the free act and deed of Henry Silverman Jewelers, Inc., before me,

[Signature]  
Notary Public  
My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

County of

September 22, 1998

Then personally appeared the above-named, ~~Robert J. Swisterman~~ Robert J. Swisterman, and acknowledged the foregoing instrument to be the free act and deed of ~~Paragon Capital LLC~~, before me, Paragon Capital LLC.

Mayull W. Rago  
Notary Public  
My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

County of

September 22, 1998

Then personally appeared the above-named, Steph Cole, and acknowledged the foregoing instrument to be the free act and deed of Foothill Capital Corporation, before me,

Mayull W. Rago  
Notary Public  
My Commission Expires:



**Exhibit A****Trademark Service Mark Registrations**

TRADEMARK	REGISTRATION DATE	REGISTRATION NUMBER
Silverman's Factory Jewelers	02/07/95	1,878,080
Henry Silverman's Jewelers	03/19/91	1,638,709
Lovecraft	12/04/90	1,625,904
HSJ	12/04/90	1,625,905
Changing the Way America Buys Jewelry	7/11/95	1,904,823
Silverman's Manufacturers of Fine Jewelry*	9/17/96	2,001,209
Silverman's Manufacturers of Fine Jewelry*	pending	75/399996

\*The Borrower uses the trademark of "Silverman's Manufacturers of Fine Jewelry." It was registered under the name of Silverman's Factory Jewelers, a Texas corporation, which is a non-existing entity. The Borrower is in the process of re-registering this trademark with the United States Patent and Trademark Office.

All trademarks registered with the United States Patent and Trademark Office and the "Silverman's Manufacturers of Fine Jewelry" trademark have been assigned to BankBoston Retail Finance Inc. pursuant to the Trademark and Trademark Applications Security Agreement dated February 27, 1998, between the Borrower and BankBoston Retail Finance Inc. This assignment will be terminated upon payoff.

Other Registered Trademarks:

Henry Silverman Jewelers	6/26/90	Texas	50,408
Henry Silverman Jewelers	6/21/92	Mexico	415115

**SHAPIRO,  
ISRAEL &  
WEINER, P.C.**

**ATTORNEYS AT LAW**

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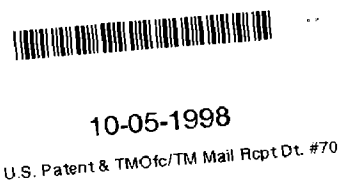
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MARY ELLEN WELCH ROGERS: EXT. 243  
E-MAIL ADDRESS: MARYELLEN\_ROGERS@SIWLAW.COM

October 1, 1998  
**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Assistant Commissioner of Patents and Trademarks  
United States Patent & Trademark Office  
Box Assignments  
2900 Crystal Drive  
Arlington, VA 22202-3513



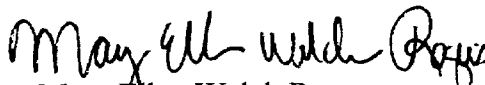
**RE: Henry Silverman Jewelers, Inc.  
Paragon Capital LLC  
(Security Agreement)**

To the Commissioner:

Enclosed please find for filing a Trademark Recordation Form Cover Sheet, together with our check in the amount of \$190.00 representing the filing fee.

If you have any questions, please do not hesitate to call.

Very truly yours,

  
Mary Ellen Welch Rogers

MEWR:pm

Enclosure

cc: Robert J. Shusterman  
Michael Lubben, Esquire

RECORDED: 10/05/1998

**TRADEMARK**  
**REEL: 1803 FRAME: 0089**