

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

01-11-1999

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attached original documents or copy thereof.

To the Honorable Commissioner of I

100938604

1. Name of conveying party(ies):

Townley, Inc. and Townley, Inc. as
successor by merger to Townley Jewelry, Inc.

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

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

3. Nature of conveyance:

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

Execution Date: As of October 20, 1998

address of receiving party(ies)

Name: FINOVA Capital Corporation

Internal Address:

Street Address: 111 West 40th Street

City: New York State: NY ZIP: 1001

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

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

(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s)

See Schedule A Annexed Hereto

B. Trademark Registration No.(s)

Additional numbers attached? Yes No

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

Name: Jeffrey A. Wurst, Esq.

Internal Address:

Ruskin, Moscou, Evans & Faltischek, P.C.

Street Address: 170 Old Country Road

City: Mineola State: NY ZIP: 11501

6. Total number of applications and registrations involved:

12

7. Total fee (37 CFR 3.41).....\$ 315.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

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

01/08/1999 DNGUYEN 00000080 73179082

01 FC:481
02 FC:482

40.00 DP
275.00 DP

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Melissa Schneck, Assistant Vice President

Name of Person Signing

Signature

12/23/98
Date

10

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

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

1-7-99

ASSIGNMENT
99 JAN 7 4 11:37
RECEIVED

TRADEMARK SECURITY AGREEMENT

THIS AGREEMENT is made as of the 20th day of October, 1998 between Townley, Inc. and Townley, Inc. as successor by merger to Townley Jewelry, Inc., a Delaware corporation, having an address at 501 River Street, Paterson, New Jersey 07524 (collectively, the "Borrower") and FINOVA Capital Corporation, a Delaware corporation with an address at 111 West 40th Street, New York, New York 10018 ("FINOVA").

WHEREAS, Borrower and FINOVA have or shall enter into a certain financing arrangement (the "Financing") which shall be evidenced in part by a certain Security Agreement dated the date hereof by and between Borrower and FINOVA (the "Security Agreement"). In order to induce FINOVA to enter into the Financing, Borrower has agreed to grant to FINOVA a security interest in and mortgage on certain intent-to-use trademark applications (the "Trademark Applications") and trademarks thereof. This Trademark Security Agreement is being executed contemporaneous with the Security Agreement under which FINOVA is granted a lien on and security interest in, among other things, accounts receivable, inventory, machinery, equipment formulations, manufacturing procedures, quality control procedures, product specifications, deposits, contract rights and general intangibles ("Other Assets") relating to products sold by the Borrower, whereby FINOVA shall have the right to foreclose on the Trademark Applications and the Other Assets in the event FINOVA alleges the occurrence of an Event of Default under the Security Agreement.

NOW, THEREFORE, in consideration of the premises, the Financing, and other good and valuable consideration the sufficiency of which is hereby acknowledged, Borrower hereby agrees with FINOVA as follows:

1. To secure the complete and timely satisfaction of all of the Obligations (as such term is defined in the Security Agreement), Borrower hereby grants to FINOVA a security interest in and mortgage on the entire right, title and interest in and to the Trademark Applications and trademarks listed in Schedule A annexed hereto and made a part hereof (as the same may be amended pursuant hereto from time to time), including without limitation all renewals thereof, all proceeds of infringement suits), the right to sue for past, present and future infringements and all rights corresponding thereto throughout the world and the good will of the business relating thereto.

2. Borrower represents, covenants and warrants that:

- (a) The Trademark Applications are subsisting;

(b) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademark Applications, free and clear of any liens, charges and encumbrances, including without limitation pledges, assignments, licenses, registered user agreements and covenants by Borrower not to sue third persons; and

(c) Borrower has the unqualified right to enter into this Agreement and perform its terms;

3. Borrower agrees that, until all of the Obligations shall have been satisfied in full, it will not enter into any agreement (for example, a license agreement) which is inconsistent with Borrower's obligations under this Agreement, without FINOVA's prior written consent which consent FINOVA may not be unreasonably withheld.

4. If, before the Obligations shall have been satisfied in full, Borrower shall obtain rights to any new Trademark Applications, the provisions of paragraph 1 shall automatically apply thereto and Borrower shall give FINOVA prompt written notice thereof.

5. Borrower authorizes FINOVA to modify this Agreement by amending Schedule A to include any future Trademark Applications covered by paragraphs 1 and 4 hereof.

6. If any Event of Default shall have been alleged by FINOVA, FINOVA shall have, in addition to all other rights and remedies given it by this Security Agreement, those allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in any jurisdiction in which the Trademark Applications may be deemed located and, without limiting the generality of the foregoing, FINOVA may immediately, without demand of performance and without other notice (except as set forth next below) or demand whatsoever to Borrower, all of which are hereby expressly waived, and without advertisement, sell at public or private sale or otherwise realize upon, in New York, or elsewhere, all or from time to time any of the Trademark Applications, or any interest which the Borrower may have therein, and after deducting from the proceeds of sale or other disposition of the Trademark Applications all expenses (including all expenses for broker's fees and legal services), shall apply the residue of such proceeds after payment of the Obligations. Any remainder of the proceeds after payment in full of the Obligations shall be paid over to the Borrower. Notice of any sale or other disposition of the Trademark Applications shall be given to Borrower at least five (5) days before the time of any intended public or private sale or other disposition of the Trademark Applications is to be made, which Borrower hereby agrees shall be reasonable notice of such sale or other disposition. At any such sale or other disposition, any holder of any Notice (as defined in the Security Agreement) or FINOVA may, to the extent permissible under applicable law, purchase the whole or any part of the Trademark Applications free from any right of redemption on the part of Borrower, which right is hereby waived and released.

7. At such time as Borrower shall completely satisfy all of the Obligations and this Security Agreement shall terminate and FINOVA shall execute and deliver to Borrower all documents and other instruments as may be necessary or proper to terminate this Security Agreement and re-vest in Borrower full title to the Trademark Applications, subject to any disposition thereof which may have been made by FINOVA pursuant hereto.

8. Any and all fees, costs and expenses, of whatever kind or nature, including the attorney's fees and legal expenses incurred by FINOVA in connection with the preparation of this Security Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Trademark Applications, or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks, shall be borne and paid by Borrower on demand by FINOVA and until so paid shall become part of the Obligations.

9. Borrower shall have the duty, through counsel acceptable to FINOVA, to prosecute diligently any Trademark Applications pending as of the date of this Agreement or thereafter until the Obligations shall have been paid in full, to file and prosecute opposition and cancellation proceedings and to do any and all acts which are necessary or desirable to preserve and maintain all rights in the Trademark Applications. Any expenses incurred in connection with the Trademark Applications shall be borne by Borrower. The Borrower shall not abandon any Trademark Applications without the consent of FINOVA, which consent shall not be unreasonably withheld.

10. Borrower shall have the right, with the prior written consent of FINOVA, which will not be unreasonably withheld, to bring any opposition proceedings, cancellation proceedings or lawsuit in its own name to enforce or protect the trademarks or Trademark Applications, in which event FINOVA may, if necessary, be joined as a nominal party to such suit if FINOVA shall have been satisfied that it is not thereby incurring any right of liability because of such joinder. Borrower shall promptly, upon demand, reimburse and indemnify FINOVA for all damages, costs and expenses, including attorney's fees, incurred by FINOVA in the fulfillment of the provisions of this paragraph 10.

11. In the Event of Default under the Security Agreement, Borrower hereby authorizes and empowers FINOVA to make, constitute and appoint any officer or agent of FINOVA as FINOVA may select, in its exclusive direction, as Borrower's true and lawful attorney-in-fact, with the power to endorse Borrower's name on all applications, documents, papers and instruments necessary for FINOVA to use the trademarks, or to grant or issue any exclusive or nonexclusive license under the trademarks to anyone else, or necessary for FINOVA to assign, pledge, convey or otherwise transfer title in or dispose of the Trademark Applications to anyone else. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

12. If Borrower fails to comply with any of its obligations hereunder, FINOVA may do so in Borrower's name or in FINOVA's name, but at Borrower's expense, and Borrower hereby agrees to reimburse FINOVA in full for all expenses, including attorney's fees, incurred by FINOVA in protecting, defending and maintaining the Trademark Applications

13. No course of dealing between Borrower and FINOVA, nor any failure to exercise, nor any delay in exercising, on the part of FINOVA, any right power or privilege hereunder or

under the Security Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. All of FINOVA's rights and remedies with respect to the Trademark Applications, whether established hereby or by the Security Agreement, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently.

15. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

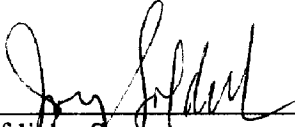
15. This Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraph 5.

16. The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

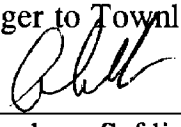
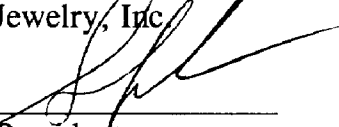
17. The validity and interpretation of this Agreement and the rights and obligations of the parties shall be governed by the laws of the State of Arizona.

IN WITNESS WHEREOF, the execution hereof as of the day and year first above written.

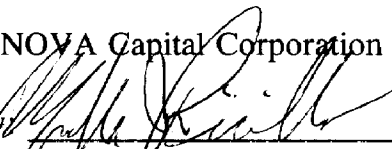
ATTEST:



Irving Safdieh, Secretary

Townley, Inc. and Townley, Inc., as successor
by merger to Townley Jewelry, Inc.
By:  

Abraham Safdieh, President

FINOVA Capital Corporation
By: 

Mark Picillo, ~~Assistant~~ Vice President

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

On this 20th day of October, in the year 1998, before me, the undersigned, a Notary Public in and for said state, personally appeared Abraham Safdieh personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their

capacity(ies) and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Gladys Maldonado
Notary Public

GLADYS MALDONADO
Notary Public, State of New York
No. 01MA5074495 Queens County
Term Expires March 17 19 99

Schedule A

U.S. INTENT-TO-USE TRADEMARK APPLICATIONS

1. U.S. Federal Registrations

Mark	Application Number	Filing Date
LIP CANDY	75/179,082	October 9, 1996
TROPICOOOLS	75/197,000	November 12, 1996
SPARKLERS	75/197,548	November 13, 1996
POUT	75/218,025	December 24, 1996
JACKIE OH	75/218,026	March 17, 1998
VERSION	75/218,029	December 24, 1996
SUN RISE	75/218,031	December 24, 1996
LIP STIX	75/218,033	December 24, 1996
FOILED	75/263,927	March 26, 1997
FUNKIE FLOATIE	75/288,597	May 8, 1997
KISS MY SPARKLES	75/321,715	July 9, 1997
TINT-IT	75/337,110	August 7, 1997

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)

ss.:

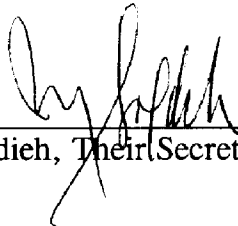
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that Townley, Inc. and Townley, Inc., as successor by merger to Townley Jewelry, Inc., a Delaware corporation, having an address at 501 River Street, Paterson, New Jersey 07524 ("Borrower"), pursuant to a Trademark Collateral Assignment and Security Agreement, dated the date hereof (the "Security Agreement"), hereby appoints and constitutes FINOVA CAPITAL CORPORATION, a Delaware corporation, with an address at 111 West 40th Street, New York, New York 10018 ("FINOVA"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of Borrower:

1. Assigning, selling or otherwise disposing of all right, title and interest of Borrower in and to the patents and trademarks listed on Schedule A of the Security Agreement, and including those patents and trademarks which are added to the same subsequent hereto, and all registrations and recordings thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to, the foregoing, and to execute and deliver any and all agreements, documents, instruments of assignment or other writings necessary or advisable to effect such purpose;
2. To execute any and all documents, statements, certificates or other writings necessary or advisable in order to effect the purposes described above as FINOVA may in its sole discretion determine.

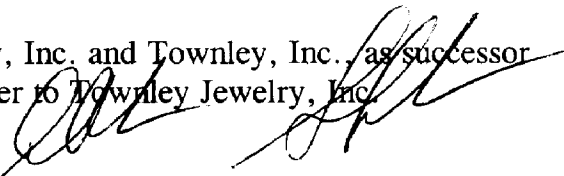
This power of attorney is made pursuant to the Security Agreement, dated the date hereof, between Borrower and FINOVA and may not be revoked until the payment in full of all Obligations as defined in the Security Agreement.

ATTEST:



Irving Safdieh, Their Secretary

Townley, Inc. and Townley, Inc., as successor
by merger to Townley Jewelry, Inc.

By: 

Abraham Safdieh, Their President

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

On this 20th day of October, in the year 1998, before me, the undersigned, a Notary Public in and for said state, personally appeared Abraham Safdieh personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.


Notary Public

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GLADYS MALDONADO
Notary Public, State of New York
No. 01MA5074495 Queens County
Term Expires March 17 19 99