

01-15-1999



100944287

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

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

85-7-21
MAD

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 Effective Date
Month Day Year

Change of Name

Other Amend. to security agr. filed 0231989 at reel/frame 0676/0133

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

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 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.)

Corporation Association

Other

Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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: 1839 FRAME: 0691

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"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="88,502"/>	<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.

CHRISTINE E. WILSON
Lee Pharmaceuticals, Inc.
by Ronald G. Lee, Pres. and CEO

Christine E. Wilson
Ronald G. Lee

12/7/98

Name of Person Signing

Signature

Date Signed

AMENDMENT NO 1 TO 1988
SECURITY AGREEMENT

SECURITY AGREEMENT made as of December 1, 1998, by and between LEE PHARMACEUTICALS, INC, a California corporation ("Grantor"), and ROBERTS PROPRIETARIES INC, a New York corporation ("Grantee")

PRELIMINARY STATEMENT

A. In 1998, Grantor and Grantee entered into a Security Agreement, a true and correct copy of which is attached hereto as Exhibit "A". To the extent that the terms hereof differ from the terms of the 1988 Security Agreement, the terms of this Amendment shall prevail.

B Grantor has issued to Grantee a Promissory Note for \$500,000, dated of even date herewith (the "Promissory Note"). Capitalized terms used herein and not defined shall have the meaning ascribed thereto in the Promissory Note.

C The Promissory Note provides for the payment to Grantee of \$500,000, plus interest, by Grantor and the Promissory Note and this Agreement provide for the performance for obligations by Grantor (such payment and performance obligations are referred to in this Security Agreement as the "Obligations")

NOW THEREFORE, Grantor hereby agrees with Grantee as follows

1 Grant of Security To secure the prompt and complete payment, observance and performance of the Obligations, Grantor hereby creates a security interest with power of sale, and the right and power to repossess, as hereinafter provided, to the extent permitted by law, and grants, bargains, assigns, mortgages, pledges, sells, transfers and conveys said security interest with power of sale and right and power to repossess to Grantee, for its sole benefit, in and to all of Grantor's right, title and interest in and to the Intangibles, including those set forth on Exhibit "I" hereto related to the Zip Wax product line owned by Grantor. The Intangibles referred to in this Section 1 are hereinafter referred to collectively as the "Collateral." The Company will sign any necessary UCC financing statements and other instruments to perfect the security interest in the Collateral granted hereby

2 Certain Covenants Grantor agrees that, for so long as any part of the Obligations remain outstanding, it will

(a) maintain the Collateral in accordance with its customary practice and not voluntarily withdraw the marketing of all of the Zip Wax product line (the "Product") thereunder, or lessen the permitted indications or labeling requirements in any material respect, with respect to all of the Product, unless required to do so by law or by direction of any governmental agency or if the continued marketing of the Product does not make reasonable commercial sense, provided the parties recognize that sales of the Product have been declining,

(b) not abandon any trademarks associated with the Product and not permit any such trademark to expire or become ineffective; and

(c) not enter into any agreement or other consensual arrangement which is inconsistent with Grantee's rights under this Agreement.

3. Representations and Warranties Grantor hereby represents and warrants to Grantee as follows

(a) Grantor owns the Collateral and has the full right and power to grant the security interest in the Collateral; and

(b) Grantor has not made any assignment, transfer or agreement in conflict herewith or constituting a present or future assignment, transfer or encumbrance on any part of the Collateral.

4 Termination This Agreement is made for collateral purposes only. Upon payment in full of the Obligations, Grantee shall execute and deliver to Grantor all termination statements, assignments and other instruments as may be necessary or proper to discharge all security interests, liens and encumbrances arising from this Agreement and to re-vest in Grantor full title to the Collateral

5 Right to Sue Upon the occurrence and during the continuance of an Event of Default (as defined in the Promissory Note), Grantee shall have, in addition to any other remedy, the right, but not the obligation, to bring suit in its own name to enforce its rights hereunder, but only after Grantee shall have given written notice of such Event of Default to Grantor and Grantee shall have failed to cure such Event of Default within thirty (30) days after receipt of any such notice. If Grantee

shall seek to pursue or enforce its right, under the Promissory Note or this Agreement, Grantor shall, at the request of Grantee, do any and all lawful acts and execute any and all proper documents required by Grantee in aid of such enforcement

6 Remedy, Power of Attorney

(a) Upon the occurrence and during the continuance of any Event of Default, Grantor hereby authorizes Grantee to make, constitute and appoint any officer or agent of Grantee as Grantee may select in its sole discretion as Grantor's attorney-in-fact with power to endorse Grantor's name, and otherwise to act in the name and on behalf of Grantor, with respect to all applications, documents, papers, instruments, transfers, assignment and conveyances as necessary or appropriate for Grantee in the use of the Collateral, including the transfer of all right, title and interest in and to any of them back to Grantee

(b) Following any repossession by Grantee of any part of the Collateral as provided in Section 6 (a) and Grantee's sale or other disposition of such repossessed Collateral, Grantee shall apply the entire proceeds of such sale or other disposition, first, to the reimbursement of Grantee for its expenses of enforcement, second, to pay all outstanding Obligations, and third, to pay over to Grantor any and all excess amounts remaining

(c) Within thirty (30) days of the Grantee obtaining the right to sue to enforce the Note as provided Section 5 hereof, Grantee may elect, by delivering a written notice to Grantor within such thirty (30) day period, to acquire (i) all of Grantee's then current inventory (raw materials, work-in-process, finished goods and packing material) of the Product for Grantor's actual standard costs (raw material, direct labor and manufacturing overhead not to exceed 200% of direct labor) to manufacture such finished goods and work in process inventory and the actual costs to Grantor of any raw materials used to make the Product (Exhibit "II" hereto sets forth the current inventory and current costs for items of such inventory and (ii) the equipment set forth as Exhibit "III" hereto which equipment shall be valued at \$20,000. Grantee must acquire both the inventory and equipment under this Section 6(c) Grantor shall deliver such inventory and equipment to Grantee within 10 days of receipt of such written election against payment by Grantee of the purchase price for such inventory by wire transfer or cashier's check. If Grantee does not exercise its right to buy such inventory and equipment pursuant to this Section 6(c) then Maker

and Preferred Business Credit shall have the right to sell such inventory and equipment using the Zip-Wax name

7 Miscellaneous

(a) Assignment. Neither this Agreement nor any interest hereunder may be assignable by Grantee without the prior written consent of Grantor. This Agreement shall be binding upon the successors and permitted assigns of the parties. Any assignment not in accordance with this Section 7 (a) shall be null and void ab initio.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (receipt verified), mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by overnight courier service to the parties at the following addresses (or at such other address or Telecopier number for a party as shall be specified by like notice, provided that notices of a change of address or Telecopier number shall be effective only upon receipt thereof):

If to Grantor, addressed to:

LEE PHARMACEUTICALS, INC.
1444 Santa Anita Avenue
South El Monte, California 91733
Attention: Ronald G. Lee
President and CEO
Telecopier No. (626) 575-0513

If to Grantee, addressed to:

ROBERTS PROPRIETARIES INC
157 Veterans Drive
Northvale, New Jersey 07647
Attention: Keith Roberts
Telecopier No (212) 554-4934

(c) Amendment. No amendment, modification or supplement of any provision of this Agreement shall be valid or effective unless made in writing and signed by both parties.

(d) Waiver. No provision of this Agreement shall be waived by any act, omission or knowledge of a party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by the waiving party.

(e) Governing Law. This Agreement shall be governed by, and interpreted, construed, and enforced in accordance with, the laws of the State of New York, without giving effect to conflict of laws principles.

(f) Severability. Whenever possible, each provision of the Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

LEE PHARMACEUTICALS, INC.

By Ronald G Lee
Name: Ronald G Lee
Title: President & CEO

Agreed and accepted as of the date first above written by
ROBERTS PROPRIETARIES INC.

By _____

Name: Keith Roberts

Title: President and Chief Executive Officer

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "Agreement") is entered into as of this 4th day of October 1988 by and between ROBERTS PROPRIETARIES INC., a New York corporation (the "Secured Party"), as the secured party hereunder, and LEE PHARMACEUTICALS, INC., a California corporation ("Lee"), as the person granting the security interest hereunder, with reference to the following facts:

A. Concurrently herewith, Secured Party and Lee have entered into a Royalty Agreement upon the terms and conditions set forth therein (the "Royalty Agreement"). The Royalty Agreement was entered into in connection with the Asset Purchase and Sale Agreement, dated as of September 29, 1988, among the Secured Party, Lee and Keith Roberts (the "Purchase Agreement").

B. In order to induce Secured Party to enter into the Royalty Agreement and the Purchase Agreement, Lee desires to grant to Secured Party a security interest in the Collateral (as defined below) upon the terms and subject to the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing recitals of fact and the mutual agreements set forth below, the parties hereto agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the meanings assigned to them in this Section 1. Unless otherwise defined in this Agreement, all other initially capitalized terms used in this Agreement shall have the meanings respectively assigned to them in the Royalty Agreement. References in this Agreement to "Sections" are references to Sections hereof.

1.1 "Collateral" means all of that property identified on Exhibit "A" attached hereto and all proceeds arising out of the sale, lease, exchange, collection or other disposition thereof.

1.2 "Secured Party Indebtedness" means all indebtedness and obligations of Lee to the Secured Party described or referred to in Section 3.

1.3 "Security Interest" means that security interest in the Collateral granted to the Secured Party pursuant to Section 2.

Section 2. Grant of Security Interest. To secure the payment of all Secured Party Indebtedness and the due and punctual performance by Lee of all the obligations described in Section 3, Lee hereby creates, grants and assigns to the Secured Party a continuing security interest in and to all the Collateral.

Section 3. Obligations Secured. The Security Interest secures the following:

(a) Payment of the Royalties and any and all accrued interest on such Royalties, all pursuant to the Royalty Agreement; and

(b) Payment of all amounts spent by the Secured Party to preserve or to protect the Collateral, including, but not limited to, taxes and reasonable attorneys' fees.

Section 4. Collateral Covenants. Lee hereby represents and warrants to, and agrees with, the Secured Party that;

(a) It will properly maintain and care for the Collateral and defend the Collateral against any adverse lien, charge, encumbrance, claim or demand other than the Security Interest;

(b) It will notify the Secured Party in writing prior to any change in its business office or the office or offices where books and records concerning the Collateral are kept;

(c) It will maintain insurance on the Collateral in such amounts as is reasonably customary and such insurance shall name Secured Party as an additional insured;

(d) It has not granted and will not grant any security interest in any of the Collateral to any person other than the Secured Party, it has not executed and will not execute any security agreement or financing statement covering any Collateral and the Secured Party

will have, so long as any Secured Party Indebtedness remains unpaid, a first priority, perfected security interest in all of the Collateral;

(e) It will not sell, contract for sale or otherwise dispose of any of the Collateral except as permitted in the Royalty Agreement;

(f) It will notify the Secured Party of any event which adversely affects the value of the Collateral as a whole, the ability of it or Secured Party to dispose of the Collateral, or the rights and remedies of the Secured Party in relation thereto, including, but not limited to, the levy of any legal process against the Collateral or any portion thereof, whether governmental or otherwise;

(g) It will execute and deliver to the Secured Party all documents and instruments necessary or advisable, in the opinion of the Secured Party, to perfect and maintain the Security Interest in favor of the Secured Party in and to all Collateral, including, but not limited to, delivery to Secured Party of financing statements and amendments thereto pursuant to the California Commercial Code, all in form and substance acceptable to the Secured Party; and the Secured Party may file in the appropriate public office any such document or instrument; and

(h) It will pay when due or prior to delinquency, as the case may be, all debts relating to or affecting the Collateral and all taxes, charges, encumbrances and assessments against the Collateral, and upon the failure of Lee to make such payments, the Secured Party, at its option, may pay any of them and shall be the judge of the legality or validity thereof and the amount necessary to discharge the same. Any amounts so paid by the Secured Party shall be immediately due and payable by Lee to the Secured Party and shall become a part of the Secured Party Indebtedness secured hereunder.

Section 5. Events of Default. An "Event of Default" as used in this Agreement shall mean any of the following events: (a) the failure by Lee to pay the Secured Party Indebtedness or any portion thereof when the same is due or to perform any covenant, agreement or duty relating to the Secured Party Indebtedness, (b) any representation or warranty of Lee in any agreement or document relating to the Secured Party Indebtedness shall prove to have been false or misleading in any material respect when made or when deemed to have been made, (c) Secured Party shall fail to have a valid and enforceable first priority perfected security interest in any Collateral, except where such failure results from Secured Party's action or failure to act with respect to the filing of financing statements, (d) a judgment or judgments shall be entered against Lee in the aggregate

amount of Five Hundred Thousand Dollars (\$500,000) or more on a claim or claim not substantially covered by insurance other than such judgments that are being contested by Lee in good faith and as to which, in Secured Party's reasonable judgment, an adequate reserve has been provided on the financial statements of Lee, (e) Lee shall fail to pay its debts generally as they come due or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of debtors, (f) an involuntary petition shall be filed under any bankruptcy statute against Lee or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) shall be appointed to take possession, custody, or control of the properties of Lee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment, or (g) the Royalty Agreement shall be come invalid, ineffective, or unenforceable.

Section 6. Remedies on Default. Upon the occurrence of any Event of Default hereunder the Secured Party shall be entitled to:

(a) Enforce the Security Interest pursuant to the California Uniform Commercial Code or any other applicable law, and for purposes hereof ten (10) days notice shall be deemed to be reasonable notice of any intent to sell the Collateral at public or private sale;

(b) Require Lee to assemble the Collateral and the records pertaining thereto and make them available to the Secured Party at a place designated by the Secured Party;

(c) To the fullest extent permitted by law, enter any premises of Lee and take possession of the Collateral and of the records pertaining to the Collateral;

(d) Grant extensions, compromise claims and settle accounts for less than the face value thereof in good faith and in a commercially reasonable manner, all without prior notice to Lee;

(e) Use, in connection with any assembly or disposition of the Collateral, any trade mark, trade name, trade style, copyright, patent right or technical process used or utilized by Lee, including "Zip" or "Zip Wax";

(f) Take such measures as the Secured Party shall deem necessary or advisable to preserve, process, develop, maintain, protect, care for or insure the Collateral or any portion thereof, and Lee hereby irrevocably constitutes and appoints the Secured Party as its attorney-in-fact to perform all acts and things in connection therewith;

(g) Cause the Collateral to be transferred to the Secured Party's name or to the name of its nominee;

(h) Exercise as to the Collateral all the rights, powers and remedies of an owner necessary to the exercise of its rights under this Agreement; and

(i) In addition to being entitled to proceed to exercise with respect to the Collateral all of the rights and remedies available to a secured party upon default under the California Uniform Commercial Code, the Secured Party shall have those other rights and remedies provided herein and such other rights and remedies as may be provided by law.

Each purchaser at any sale of the Collateral shall hold such Collateral absolutely free from any claim or right on the part of Lee. To the full extent permitted by law, Lee hereby waives (i) all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted and (ii) any right which it may have to demand a hearing or other judicial or administrative proceeding prior to the enforcement by the Secured Party of any of its rights and remedies hereunder. Any public or private sale of the Collateral or any portion thereof shall be held at such time or times within ordinary business hours and at such place or places as the Secured Party may fix in the notice of sale, and at any such sale the Collateral, or the portion thereof to be sold, may be sold in one block, as an entirety or separately, as the Secured Party may determine. Any sale may be conducted by an auctioneer or by an officer, attorney or agent of

the Secured Party. The Secured Party may be a purchaser at any public or private sale. The Secured Party shall not be obligated to make any sale of the Collateral or any portion thereof if it determines not to do so, regardless of the fact that notice of sale of the Collateral may have been given. The Secured Party may, without notice or publication, adjourn a public or private sale of the Collateral or cause the same to be adjourned from time to time by announcement, at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned.

Section 7. Application of the Proceeds. All proceeds of any sale of the Collateral by the Secured Party pursuant to Section 6 shall be applied as follows:

FIRST, to the payment of all fees and expenses incurred by the Secured Party in connection with any such sale including, but not limited to, all court costs and fees of counsel to the Secured Party in connection therewith;

SECOND, to the payment of accrued interest, if any, on the Royalties to the date of receipt of such proceeds;

THIRD, to the payment of the outstanding Royalties;

FOURTH, to the payment of any other amounts owing to the Secured Party by Lee hereunder or under the Royalty Agreement; and

FIFTH, to Lee.

Section 8. Miscellaneous Provisions.

8.1 Payment of Expenses. All advances, charges, costs and expenses, including reasonable attorney's fees, incurred or paid by the Secured Party in exercising any right, power or remedy conferred by this Agreement or in the enforcement hereof, shall become a part of the Secured Party Indebtedness secured hereunder and shall be paid to the Secured Party by Lee immediately and without demand, with interest thereon at the rate provided in the Royalty Agreement.

8.2 Certain Waivers. Lee, to the extent permitted by law, waives any right to require the Secured Party to (a) proceed against any person, (b) proceed against or exhaust the Collateral or (c) pursue any other remedy in the Secured Party's power; and waives any defense arising by reason of any disability or any other defense of Lee or any other person, or by reason of the cessation from any cause whatsoever of the liability of Lee or any other person. Until such times as full payment is made to the Secured Party of all Secured Party Indebtedness and full performance of all obligations relating to the Secured Party Indebtedness, Lee shall have no right of subrogation and waives any right to enforce any remedy which the Secured Party now has or may hereafter have against any other person and waives any benefit of and any right to participate in the Collateral now or hereafter held by the Secured Party. Lee authorizes the Secured Party, without notice or demand and without affecting Lee's liability hereunder or on the Secured Party Indebtedness,

from time to time to: (1) renew, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, the Secured Party Indebtedness or any part thereof, including, without limitation, to increase or decrease the rate of interest thereon; (2) take and hold security, other than the Collateral herein described or any part thereof or any such other security; and (3) release or substitute any guarantors of the Secured Party Indebtedness or any part thereof, or any other parties thereto.

8.3 Amendments, Waivers and Consents. No amendment to, modification or waiver of, or consent with respect to, any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party against whom enforcement of the amendment, modification, waiver or consent is sought.

8.4 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or mailed by first class mail, postage pre-paid, to the address set forth below, or to such other address as any party may specify in writing to all other parties:

(a) If to the Secured Party, to:

ROBERTS PROPRIETARIES INC.
201 Route 17 North
Rutherford, New Jersey 07070
Attn: Keith Roberts, President

With a copy to:

Mark Casillas, Esq.
Lillick McHose & Charles
Two Embarcadero Center
San Francisco, California 94111

(b) If to Lee, to:

LEE PHARMACEUTICALS, INC.
1434 Santa Anita Avenue
South El Monte, California 91273
Attn: Ronald G. Lee, President

With a copy to:

Ronald P. Givner, Esq.
Hill & Weiss
1888 Century Park East, Suite 1510
Los Angeles, California 90067

8.5 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

8.6 Section Headings. The section headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.7 Successors and Assigns. This Agreement shall be binding upon Lee and its permitted successors and assigns.

8.8 Survival. All covenants, agreements, representations and warranties made by Lee herein shall survive the execution and delivery of this Agreement and such covenants, agreements, representations and warranties shall continue in full force and effect until all Secured Party Indebtedness is paid and performed in full.

8.9 Severability. In case any one or more provisions or portions hereof should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

8.10 Attorneys' Fees. In the event of any dispute regarding the obligations or the respective rights and interests of the parties hereunder, the prevailing party shall recover, upon demand, from the other party, all reasonable fees, costs and expenses (including, without limitation, such fees, costs and expenses of litigation and appeals) incurred by such prevailing party in enforcing any provision hereof, whether or not litigation has commenced with respect thereto and without regard to any schedule or the determination by a court as to the fees, costs and expenses of such enforcement.

8.11 Complete Agreement. The foregoing constitutes the full and complete agreement between the parties with respect to the subject matter hereof, or contemplated hereby, and there are no other oral or written agreements in relation to the subject matter hereof.

8.12 Waivers and Consents. To the fullest extent permitted by law, the Secured Party reserves the right in the exercise of its discretion to refuse to (a) waive any of its rights hereunder or (b) consent to the taking of any action (or the failure to take any action) on the part of See which, if taken (or upon the failure to so act), will result with or

without the giving of notice, the passage of time or both in the occurrence of an Event of Default under this Agreement. Where any of the provisions of this Agreement provide that any matter, document, instrument, item or thing is subject to the discretion, consent, satisfaction, waiver, approval or determination of the Secured Party, then (unless expressly otherwise provided herein) such discretion, consent, satisfaction, waiver, approval or determination may be exercised, made or withheld by the Secured Party in the exercise of its reasonable good faith discretion.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the date first above written.

LEE PHARMACEUTICALS, INC.

By: Ronald G. Lee
Ronald G. Lee, President

ROBERTS PROPRIETARIES INC.

By: Keith Roberts
Keith Roberts, President

RPG:667a003
010388 1655

EXHIBIT "A"

Description of the Collateral

All rights, title and interest of Lee in the following product lines, including any and all agreements (whether purchase, royalty license or otherwise), relating to the ownership of the Products and the trademark or tradename "Zip" and "Zip Wax":

- (i) Zip Wax Hair Remover;
- (ii) Zip Wax Tube For Face;
- (iii) Zip Wax Tube For Body; and
- (iv) Zip Creme Bleach.

The fixed assets and equipment set forth on Annex "I" hereto.

RPG:667a004
100388 1655

TRADEMARK
REEL: 1839 FRAME: 0712

ANNEX "A"

Security Agreement dated as of October 4, 1988
 Debtor: Lee Pharmaceuticals, Inc.
 Secured Party: Roberts Proprietaries, Inc.

<u>ASSET NAME</u>	<u>SERIAL NO.</u>	<u>MODEL</u>
1. 500 Gal. S/S Tank	N/A; Mfg. by Perry Products	N/A
2. Kison Water Softner		KSH-30
3. Pump, Positive Displacement	800027772	DT90L4-R40
4. Tank 1-75 Gal.	N/A	N/A
5. CECO	2818	40-91/2TT
6. 500 Gal. S/S Tank	N/A; Mfg. by Perry Products	N/A
7. Lee Agitator 3 Molded Nylon Scrapers	N/A	DFT90L4
8. S/S Kettle 250 Gal.	A-6280	D9MT
9. Pennsylvania Scale	135678	1-10-L
10. Electric Lodestar Hoist	L-74 CNI	B 1, 4 Ton
11. Water Actuated Hydraulic Cylinder	251RV517/104/DX2011A	J1233C1
12. York Air Conditioner	JM-273308	C181-G1A
13. Filling Machine	Custom made by Anderson Machine	BM700CE
14. Taylor Recording Controller	251RV517/104/DX2011A	250R
15. Bell & Gossett Heat Exchanger	N/A	SU 42-2
16. Bryan Steam Corp. Boiler	59723	FA570-S-6E-HL
17. Toshiba Pump	20507408	30024YGF2A2

ANNEX "A"

Security Agreement dated as of October 4, 1988
 Debtor: Lee Pharmaceuticals, Inc.
 Secured Party: Roberts Proprietaries, Inc.

18.	Infeed Conveyor with Varidrive Motor	5414M	F-8049-06-651
19.	Cooling Conveyor	1079	N/A
20.	Jogger Conveyor (Transfer Task)	D-78	5503-M
21.	Transfer Conveyor	N/A	F-8049-06-651
22.	Air Operated Stapler #3	N/A	AB 7C
23.	Extractor #1	N/A	165DWF7F
24.	Extractor #2	N/A	165DWF7F
25.	Agitator for 500 Gal. Tank	023257-242	DF + 90L4

ASSIGNMENT (FOR SECURITY PURPOSES ONLY)
OF
TRADEMARKS AND TRADEMARK REGISTRATIONS

This Assignment is made as of October 4, 1988 by LEE PHARMACEUTICALS, INC., a California corporation, having its principal office at 1444 Santa Anita Avenue, South El Monte, California 91733 ("LEE"), to ROBERTS PROPRIETARIES INC., a New York corporation, having its principal office at 201 Route 17 North, Rutherford, New Jersey 07070 ("RPI").

RECITALS

WHEREAS, pursuant to that certain General Assignment and Bill of Sale, as well as that certain Assignment, each dated as of October 4, 1988, LEE acquired from RPI all right, title and interest in, including all trademarks and trademark registrations related to, the following product lines: Zip Wax Hair Remover; Zip Wax Tube for Face; Zip Wax Tube for Body; and Zip Wax Creme Bleach (the "Zip Products");

WHEREAS, pursuant to that certain Royalty Agreement, dated as of October 4, 1988 (the "Agreement"), LEE is obligated to pay to RPI a royalty on sales of the Zip Products;

WHEREAS, payment of said royalty to RPI is secured by security interests in, inter alia, the trademarks related to the Zip Products, which are registered in the United States Patent and Trademark Office, Registration Nos. 285,923 and 88,502 (the "Trademarks"), as provided in that certain Security Agreement, dated as of October 4, 1988 (the "Security Agreement");

WHEREAS, RPI is desirous of perfecting said security interests.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and as security for the due and punctual performance and payment by LEE of its obligations under the Agreement, LEE does hereby assign, transfer, set over and deliver to RPI all of its right, title and interest in the Trademarks, together with the good will of the business symbolized thereby, provided, however, that RPI may exercise its rights under this Assignment only in the event that LEE has been declared in default in accordance with terms of the Security Agreement.

LEE agrees that until and unless RPI's rights under this Assignment become absolute upon an event of default under the Security Agreement, RPI shall be under no obligation to take any action or expend any money or incur any expense or perform or discharge any obligation or responsibility in connection with the Trademarks.

LEE further agrees that no delay or omission of RPI to exercise any right or remedy granted under this Assignment shall impair such right or remedy or be construed to be a waiver of any default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude other or further exercise thereof or the exercise of any other right or remedy, and no waiver, amendment or other variation of the terms, condition or provisions of this Assignment whatsoever shall be valid unless in writing signed by RPI, and then only to the extent specifically set forth in such writing. All rights and remedies contained in this Assignment or by law afforded shall be cumulative and all shall be available to RPI until the obligations of LEE under the Agreement have been fully performed and paid in full.

IN WITNESS WHEREOF, this Assignment is executed at South El Monte CA, this 6th day of September, 1989.

LEE PHARMACEUTICALS, INC.

RECORDED By: Roy Mast
COUNTY CLERK'S OFFICE
Title: V.P. Research & Development
OCT 23 89

ATTEST:

Heather B Rogers
STATE OF CALIFORNIA DEPARTMENT OF PATENTS AND TRADEMARKS OFFICE
COUNTY OF Los Angeles

On this 6th day of September, in the year 1989, before me, the undersigned, personally appeared ROLF MAST, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the above instrument as vice president (or secretary) or on behalf of the corporation described in the above instrument and acknowledged to me that the corporation executed it.

IN WITNESS WHEREOF, my hand and official seal.

Signature: Heather B Rogers

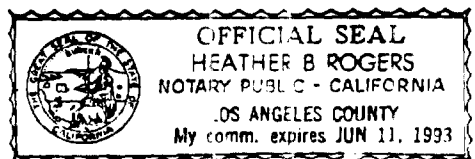


EXHIBIT "I"

LEE PHARMACEUTICALS, INC

ATTACHMENT TO SECURITY AGREEMENT

December 1, 1998

"Collateral" means only all General Intangibles related solely to the Zip Wax line of products. **"General Intangibles"** means and includes all of Grantor's now owned or hereafter acquired or created personal property and rights (other than Receivables, Inventory and Equipment as defined below), including, without limitation, all proprietary information, technology, formulas, know-how, product designs, schematics, patents, patent applications, trademarks, trade names, service marks, trademark and service mark registration applications, logos, goodwill, choses and things in action relating *solely* to the Zip Wax line of products

For the purpose of further defining General Intangibles, the following definitions apply.

"Equipment" means and includes all of Grantor's goods (excluding Inventory) whether now owned or hereafter acquired and wherever located including, without limitation, all equipment, machinery, furniture, furnishing, fixtures, parts, vehicles, accessories and all replacements and substitutions therefor or accessions thereto.

"Inventory" shall mean all of Grantor's now owned or hereafter acquired goods, merchandise and other personal property, whenever located, to be furnished under any contract or services, finished goods and materials and supplies of any kind, nature or description which are or might be used or consumed in Grantor's businesses or used in selling or furnishing such goods, merchandise and other personal property, and all documents of title or other documents representing them.

"Receivables" shall mean and include all of Grantor's accounts, contract rights, instruments, documents, chattel paper, general intangibles relating to accounts, drafts and acceptances, and all other forms of obligations owing to Grantor

arising out of or in connection with the sale or lease of Inventory or the rendition of services, all guarantees and other security therefor, whether secured or unsecured, now existing or hereafter created or acquired by Grantor.

EXHIBIT "II"

INVENTORY

Attached is the current inventory of the ZIP Wax products and current standard costs. If the option provided for in Section 6(c) is exercised, then standard costs as provided for in Section 6(c) shall be determined in the same manner.

Inventory shall not include any obsolete, damaged or unusable items.

11/24/1998 15:03 6264438745

LEE PHARMACEUTICALS

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REPORT 1 00 OCT 98, 04
PART B 11-24-1998

LEE PHARMACEUTICALS
REGISTRATION
148 OF 541 DE 211, (449)

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DATE 10-24-98

DATE: 11/24/1998
 PART B DESCRIPTION STB COST QTY ON HAND 0-1 YR 1-2 YRS 2-4 YRS 4-6 YRS 6-8 YRS 8-99 YRS UNLIMITED

ZIP	UNIT	DESCRIPTION	STB	COST	QTY	ON HAND	0-1 YR	1-2 YRS	2-4 YRS	4-6 YRS	6-8 YRS	8-99 YRS	UNLIMITED
F4029912	ZIP	HIGH HAIR MEN	17-540946	24.00	590								
F4024000	ZIP	HICK HAIR MEN	001000	20.00	0								
F4024012	ZIP	HICK HAIR MEN	15.282956	48.00	1,042								
F4040000	ZIP	FRONT-FORM-50	4488732	2.00	1								
F4040003	ZIP	FRONT-FORM-3	1.200000	9.00	9								
F4040012	ZIP	FRONT-FORM-12	4.000000	322.00	118								
F4041000	ZIP	HOL-DN-50	504400	11.00	1								
F4041003	ZIP	HOL-DN-3	2.400000	1.00	2								
F4042000	ZIP	DEP-FIN-CRN-50	571864	7.00	2								
F4042003	ZIP	DEP-FIN-CRN-3	0.010000	0.00	0								
F4043012	ZIP	STRIP-HEAT-18	14.500000	2.00	27								
F4043018	ZIP	STRIP-HEAT-18	9.640000	6.00	10								
F4044000	ZIP	STRIP-FACTIAL	1.000000	4.00	4								
F4044012	ZIP	STRIP-FACTIAL	11.282720	25.00	282								
F4090000	ZIP	3-1/32 HAIR-PE	800000	1.00	1								
F4090003	ZIP	3-1/32 HAIR-PE	000000	0.00	0								
F4090012	ZIP	3-1/32 PET-CU	10.000000	31.00	16								
F4091012	ZIP	402 MICRO(PET)	13.940000	29.00	12								
F4092012	ZIP	202 MICRO(PET)	12.310000	1.00	12								
ZIP UNIT SUBTOTAL:					19,401.32	13,075	151	274	272	270	270	277	277

ZIP	UNIT	DESCRIPTION	STB	COST	QTY	ON HAND	0-1 YR	1-2 YRS	2-4 YRS	4-6 YRS	6-8 YRS	8-99 YRS	UNLIMITED
F4010000	ZIP	7/8 OZ LIZ HAIR T	911121	47.00	20								
F4010012	ZIP	7/8 OZ LIZ HAIR T	4.010000	8.00	0								
F4010112	ZIP	1/2 OZ LIZ HAIR T	4.910010	399.00	1,962								
F4010120	ZIP	1/2 OZ LIZ HAIR T	6.979980	4.00	3								
F4010124	ZIP	1/2 OZ LIZ HAIR T	5.910000	2.00	10								
F4010128	ZIP	1/2 OZ LIZ HAIR T	7.240000	712.00	5,678								
F4010132	ZIP	1/2 OZ LIZ HAIR T	8.240000	46.00	22								
F4010136	ZIP	1/2 OZ LIZ HAIR T	9.240000	14.00	0								
F4010204	ZIP	3 1/3 OZ LIZ HAIR T	12.433345	188.00	2,342								
F4010208	ZIP	3 OZ LIZ HAIR TRAY	800727	72.00	28								
F4010212	ZIP	3 OZ LIZ HAIR TRAY	2.264766	4.00	30								
F4010216	ZIP	3 OZ LIZ HAIR TRAY	12.150097	143.00	1,082								
F4010224	ZIP	3 OZ LIZ HAIR TRAY	31.250004	3.00	100								
F4020000	ZIP	CREME-RESEMI	801500	14.00	15								
F4020003	ZIP	CREAM BLEACH-3	3.200148	3.00	10								
F4020012	ZIP	CREME BLEACH-1	11.911841	80.00	576								
F4020018	ZIP	HICK-HAIR-MEN	800100	9.00	0								
F4020020	ZIP	HICK-HAIR-MEN	4.350000	1.00	4								

FINISHED GOODS

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LEE PHARMACEUTICALS

PAGE 03

REPORT # 00 00 06 04
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LEE PHARMACEUTICALS
 REPORT INVENTORY-AGING
 (AS OF 01 OCT 91, 1998)

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parts ZIP MAIL PRODUCTS - B65 cases

PART #	DESCRIPTION	STD	COBI	QTY	ON HAND	0-1 YR	1-2 YRS	2-4 YRS	4-6 YRS	6-8 YRS	8-99 YRS	UNLIMITED
2010010	ZIP FRESHM FORM 10		888000	265 00								197
2010020	ZIP 401 HCL-DM 12		300000	142 00								49
2010030	ZIP DCP LLAFLIN CHH		280000	18 00								49
2010040	ZIP ZIP-WK-FRAY 10		140000	791 00								5
2010050	ZIP CHEAM PL 12PK		340000	154 00								5

0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00 0-000-00

parts ZIP MAIL PRODUCTS - B65 cases

PART #	DESCRIPTION	STD	COBI	QTY	ON HAND	0-1 YR	1-2 YRS	2-4 YRS	4-6 YRS	6-8 YRS	8-99 YRS	UNLIMITED
2010010	ZIP FRESHM FORM 10		888000	265 00								197
2010020	ZIP 401 HCL-DM 12		300000	142 00								49
2010030	ZIP DCP LLAFLIN CHH		280000	18 00								49
2010040	ZIP ZIP-WK-FRAY 10		140000	791 00								5
2010050	ZIP CHEAM PL 12PK		340000	154 00								5

RAW MATERIALS

1/24/1998 15:03 6264438745

LEE PHARMACEUTICALS

PAGE 04

REPORT 9 DD 03 14 06
 REVISED: Dec-31-1998

LEE PHARMACEUTICALS
 INVESTMENT SERVICES GROUP
 (M) Dr. Nat Oct 31, 1998

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 TIME 10:30 PM

PART 9 DESCRIPTION COST QUANTITY ON HAND 0-1 YR 1-2 YRS 3-4 YRS 4-6 YRS 6-8 YRS 8-99 YRS UNLIMITED
 (SEE ZIP MAIL PRODUCT) - 863 0000

ZIP MAIL	DESCRIPTION	COST	QUANTITY	ON HAND	0-1 YR	1-2 YRS	3-4 YRS	4-6 YRS	6-8 YRS	8-99 YRS	UNLIMITED
131810A	2 1/2 POLYPROPYLENE	244438	4,400.00								
131810B	2 1/2 POLYPROPYLENE	228210	34,040.00								
131810C	7 OZ ZIP MAIL TRAY	100000	2,137.00								
131810D	ZIP CROWN BLENDH ACCT	240470	18,440.00								
131810E	ZIP CROWN BLENDH ACCT	228048	14,787.00								
131810F	ZIP CROWN BLENDH ACCT	164238	14,671.00								
131810G	2 OZ ZIP PET CLEAR	200000	20,411.00								
131810H	4 OZ TOWN WHITE P/P	123158	44,438.00								
131810I	5 OZ ZIP PET CLEAR	250000	44,438.00								
131810J	ZIP CROWN BLENDH ACCT	184438	18,440.00								
131810K	ZIP FRENCH FOLDY CA	278270	31,732.00								
141810A	20Z CAP/FE11 LINDER	042000	10,820.00								
141810B	20Z CAP/FE11 LINDER	028910	24,438.00								
141810C	40Z CAP/FE11 LINDER	041230	12,133.00								
141810D	30Z WHITE PRINTED	028300	21,740.00								
141810E	7/8 OZ ZIP TRIM/FLD	048970	17,808.00								
151810A	ZIP STRIP-RODY KIT	172130	3,102.00								
151810B	ZIP STRIP-FACIAL K	149000	8,400.00								
151810C	2 1/2 OZ FOLDING C	073000	31,732.00								
151810D	2 1/2 OZ ZIP TUBE/F	127000	13,238.00								
151810E	3 1/2 OZ ZIP TUBE/F	049070	4,800.00								
151810F	2 1/2 OZ ZIP MAIL K	022000	79,366.00								
151810G	70Z ZIP TRV/FLDR C	111600	44,444.00								
151810H	ZIP CROWN BLENDH ACCT	049400	51,688.00								
151810I	ZIP MAIL MICRO 20Z	119000	20,071.00								
151810J	ZIP MAIL MICRO 40Z K	116400	19,730.00								
151810K	LABEL-HEAVY-ZIP-VI	148040	5,447.00								
161810A	ZIP MICROFILME MAIL	005000	30,040.00								
161810B	ZIP MICROFILME MAIL	015800	100,000.00								
161810C	ZIP FLIGHTD DEP TRAY	190000	738.00								
161810D	ZIP LABEL-FOI DEPT	100000	177.00								
161810E	ZIP LABEL-FOI DEPT	028200	8,511.00								
161810F	ZIP LABEL-FOI DEPT	014444	1,679.00								
171810A	ZIP CNE BLDH INERT	080001	1,020.00								
171810B	ZIP MICRO 20Z INERT	020004	230.00								
171810C	ZIP MICRO 40Z INERT	080000	50,572.00								
181810A	ZIP MICROFILME MAIL	090000	147.00								
181810B	ZIP MICROFILME MAIL	231000	477.00								
181810C	ZIP MICROFILME MAIL	040000	1,400.00								
181810D	ZIP MICROFILME MAIL	320000	520.00								
181810E	ZIP MICROFILME MAIL	084700	848.00								
181810F	ZIP MICROFILME MAIL	100000	51.00								
181810G	ZIP MICROFILME MAIL	203000	1,120.00								
181810H	ZIP MICROFILME MAIL	000001	4,181.00								
181810I	ZIP MICROFILME MAIL	000000	2.00								

182,177.68 86,541 4,356 2,990 1,809 1,840 9,720 74,167

Lee Pharmaceuticals
Finance Department

TAX COVER SHEET

DATE 11-25-98

This Cover sheet plus ONE (1) pages

are for RON GIVNER
SKADDEN, ARPS, SLATE, MENCHERT & FLOM LLP
FAX number (213) 681-1645

from MICHAEL L. AGRESTI, VICE PRESIDENT FINANCE

Any questions, please call (626) 442-3141 OR (800) 441-5327 (toll free) ext 2219

LEE PHARMACEUTICALS
1434 Santa Anita Avenue
P.O. Box 3836
South El Monte, CA 91733

FAX Number (626) 453-3227

Ron -

As promised, I'm referring to you the one Zip Wax inventory page which was improperly labeled as Raw Materials, but should be labeled Intermediates.

Please call me if you have any questions

Mike Agresti

**TRADEMARK
-BAM-TEXTILES**

***** ZIP MAX PRODUCTS - 865 *****

ITEM	DESCRIPTION	QTY	UNIT	PRICE	TOTAL
2182410	BLEACH-CREAM	810358		138.47	112
2182310	ZIP ACT CREAM 227	803901		107.82	90
2189400	ZIP HOT WAX	2 308335		360.00	1,404
2318840	ZIP-BBB-NIBED-FIL	507799		1.00	1
2318310	ZIP DEPIL FILLED T	232420		2.00	465
2318410	ZIP FINE CR FILL T	199870		1.524	305
2318000	ZIP-CREME-BLEACH-F	292489		5.083	1,465
2318310	ZIP CRM BLCH ACTV-	292340		11.037	1,624
2318600	ZIP MICRO 2 OZ FIL	600767		94.00	56
2318200	ZIP-MICRO-4-OZ-FIL	600284		1.00	1
2318710	ZIP PET CUP PRNT	430000		400.00	180
2318500	COND CRM 2 OZ FILL	367442		852.00	286
2318910	ZIP-PET-CUP-PRNT	800080		881.00	401
2318100	ZIP MICRO FLETD H	2 540000		165.00	419

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PRINTED-01-31-1988

LEE PHARMACEUTICALS
RECAST-INVENTORY-ADJING
45 OF Sat Oct 31, 1988

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PAR #	DESCRIPTION	QTY	UNIT	PRICE	TOTAL
2018010	ZIP-FRENCH-TOAM 12	280000		525.00	387
2018020	ZIP 40Z FILL-OV 12	300000		162.00	49
2018030	ZIP DEPIL-FIN-CRM	280000		12.00	5
2018204	ZIP-TRAY-TRAY-12	164323		993.00	163
2018214	ZIP CREAM RI 12PK	346229		154.00	53
ZIP MAX SUBTOTALS				8,681.39	1,608

EXHIBIT "10"

EQUIPMENT

Attached is a description of the equipment



Lee pharmaceuticals

1434 Santa Anita Ave., P.O. Box 3836, South El Monte, CA 91733, U.S.A.
Tel.: (626) 442-3141 • WATS: (800) 950-5337 • FAX: (626) 443-8745

November 5, 1998
MA98-152

Mr. Keith Roberts
President
Roberts Proprietaries, Inc.
1285 Avenue of The Americas
35th Floor
New York, NY 10019

Dear Keith:

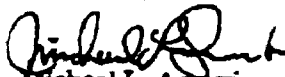
I have enclosed a photocopy of Exhibit "A" of the UCC-1 filing regarding Roberts Proprietaries, Inc. as the secured party. Please be advised that six (6) items are no longer involved in the manufacturing process. I have set forth hereon the status of the non-highlighted items on Exhibit "A."

- Item #1 The 500 gallon stainless steel tank is being used as a chiller storage tank for injection molding.
- Item #8 Taylor recording controller -- don't know this item.
- Item #9 Wayne Gustin, Plant Manager, suspects that this is the transfer pump underneath the 250 gallon stainless steel tank, but can't tell for sure since it does not have a tag.
- Item #12 & #13 Jogger and transfer conveyor are not being used because our process is different than Roberts. We fill into silicone pre-formed molds rather than purchased trays.
- Item #14 Agitator: It has been retired as it went with Item #1 (being used with the storage tank for injection molding).

The remaining items (highlighted) represent your machinery and equipment to be purchased for \$20,000 in the event of default. The orderly liquidation value is approximately \$17,000 and the fair market value is \$25,000 and your option price in the event of default is \$20,000. Ron Lee would like the UCC-1 (addendum/adjustment) to have no mention of inventory or equipment because our lender wants to perfect its security interest in the inventory, and Ron does not want to have to exclude the \$17,000 of value from the equipment loans. While you are giving up a little bit here, please keep in mind that we are clarifying the default language, and Ron is also providing his personal guarantee.

I trust that you will find this letter and enclosures to be in order. Please call me directly if you should have any questions.

Sincerely yours,


Michael L. Agresti
Vice President - Finance

MLA:hr

Enclosures

cc: Ronald Lee

1 0 5

NOV 12 10 56 AM '98

FINANCING STATEMENT

Debtor: Lee Pharmaceuticals, Inc.
Secured Party: Roberts Proprietaries Inc.

DESCRIPTION OF ZIP WAX COLLATERAL: All right, title, and interest of Debtor in the following product lines relating to the ownership of the Products and the trademark or tradename "Zip" and "Zip Wax":

- (i) Zip Wax Hair Remover;
- (ii) Zip Wax Tube For Face;
- (iii) Zip Wax Tube For Body; and
- (iv) Zip Creme Bleach.

Including without limitation all of the following fixed assets and equipment:

<u>Asset Name</u>	<u>Serial Number</u>	<u>Model</u>
1. 500 Gal. S/S Tank	N/A; Mfg. by Perry Products	N/A
2. Pump, Positive Displacement	800027772	DT90L4-R40
3. Tank 1-75 gal. (Plus insulated heat pipe for ZIP WAX blend)	N/A	N/A
4. Lee Agitator 3 Molded Nylon Scrapers	N/A	DFT9014
5. S/S Kettle 250 Gal.	A-6280	D9MT
6. Water Actuated Hydraulic Cylinder	251RV517/104/DX2011A	J1233C1
7. Filling Machine	Custom made by Anderson Machine	BM700CE
8. Taylor Recording Controller	251RV517/104/DX2011A	250R
9. Toshiba Pump	20507408	80024YGF2A2
10. Infeed Conveyor with Varidrive Motor	5414M	F-8049-06-651
11. Cooling Conveyor	1079	N/A

- 1 -

ROBERT "A"

NCC-1 Financing Statement

Debtor: Lee Pharmaceuticals, Inc.
Secured Party: Roberts Proprietaries Inc.

- | | | | |
|-----|------------------------------------|------------|---------------|
| 12. | Jogger Conveyor
(Transfer Task) | D-78 | 5503-M |
| 13. | Transfer Conveyor | N/A | F-8049-06-651 |
| 14. | Agitator for 500
Gal. Tank | 023257-242 | DF + 90L4 |

SHIPMENT NO. 600 423 3056		SHIPMENT DATE		WEIGHT	
FROM (COMPANY NAME) LEE PHARMACEUTICALS					
ADDRESS 1434 Santa Anita Ave.					
CITY San Jose CA 95133					
TO (COMPANY NAME) Roberts Proprietaries Inc					
ADDRESS 1285 Avenue of the Americas					
CITY NEW YORK NY 10019					
ATTN: MR BOB ROBERTS					

DESCRIPTION	AUCTION VALUE		ORDERLY LIQUIDATION VALUE	
<p>THE PHARMACEUTICALS SOUTH BAY INDUSTRIAL SOUTH BAY INDUSTRIAL</p>			1997 1997	
(2) Sweco Sifters	400=	800	500=	1,000
<u>1425 LISCOMB #12</u>				
Bag House Dust Collector.		1,500		2,000
10 H.P. Tank Mounted Air Compressor.		500		700
Kallagy 25 H.P. Rotary Screw Air Compressor.		2,500		3,500
Ceco Mod. 40-9 1/2 TT, Adj. Cartoner. S/N 2818		2,500		5,000
Dice Box Case Gluer w/ Hot Melt. S/N 1346		1,500		2,500
Filmatic Filler.		500		800
WillFlow 100 Gal. Jacketed S.S. Tank w/ Mixer.		2,000		2,500
Carthage-Mitts & Merrill Dicer. S/N SP87016		1,500		2,500
250 Gal. S.S. Jacketed Mixing Vat.		2,500		4,000
8-Head Filler w/ S.S. Dispensing Tank.		1,500		2,500
Parker 125 H.P. Boiler. S/N 25713		1,500		2,000
75 Gal. Elec. Tank.		1,000		1,500
Aranco Tube Filler w/ Holding Tank & Ampach Ultrasonic Tube Sealer-Criper-Trimser.		6,000		8,000
(2) Waukesha S.S. Pumps	800=	1,600	1,200=	2,400
Bally 30' Freezer w/ conveyor		4,000		7,000
<p>FAIR MARKET = 38,000</p>	\$ 16,600		\$ 525,400	

DESCRIPTION	AUCTION VALUE	ORDERLY LIQUIDATION VALUE
THE PHARMACEUTICALS SOUTH HAVEN, CONNECTICUT		
1500 SA. Algene Box Printer. 2175A S/N FBP6-107-88-1C	7,500	10,000
Pallet Shelving.	2,500	3,500
York Chiller.	5,000	7,000
Mattei 40 H.P. Rotary Screw Air Compressor.	2,500	3,500
Holding Tank. 500 gal.	350	400
Clark 3000 Lb. L.P.G. Forklift.	3,500	4,500
Clark Mod. GPS20MB, 4000 Lb. L.P.G. Forklift. S/N GP138MB-0571-6835FA	6,000	8,000
1516 SANTA ANITA AVENUE		
Draxel 3000 Lb. Swing Mast Elec. Forklift. S/N 22576-6-210	10,000	13,000
Pallet Shelving.	12,000	15,000
(3) Dynamic Auto. Strappers.	1,500= 4,500	1,800= 5,400
Litco Pallet Wrapper.	4,000	6,000
PC Computer Label Printer.	1,200	1,800
Clark 3000 Lb. L.P.G. Forklift.	2,000	2,500
Nichols Vert. Hyd. Bailer. S/N DK8114	2,500	3,000
Algene Box Printer. (In Storage)	5,000	8,000
(5) Elec. Carts.	750= 3,750	1,250= 6,250
50 H.P. Rotary Screw Air Compressor.	5,000	7,500

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ATA

T/A APPRAISAL INC

NY 92110

86 92111