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OMB No. 0951-0011 (exp. 4/94) MJD 12-13-99 Tab settings 000



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attached original documents or copy thereof.

1. Name of conveying party(ies):

BANC OF AMERICA COMMERCIAL CORP. F/K/A NATIONSBANC COMMERCIAL CORPORATION

- Individual(s) Association General Partnership Limited Partnership Corporation-State NEW YORK Other

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other RELEASE OF SECURITY INTERESTS

Execution Date: OCTOBER 28, 1999

Name and address of receiving party(ies)

Name: CANDIE'S, INC. Internal Address: Street Address: 2975 Westchester Avenue City: Purchase State: N.Y. ZIP: 10577

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

If assignee is not domiciled in the United States, a domestic representative designation 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 ATTACHED SCHEDULE "A"

B. Trademark Registration No.(s)

SEE ATTACHED SCHEDULE "A"

Additional numbers attached? Yes No

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

Name: HOWARD N. ARONSON Internal Address:

LACKENBACH SIEGEL Street Address: One Chase Road City: Scarsdale State: N.Y. ZIP: 10583

6. Total number of applications and registrations involved: 34

7. Total fee (37 CFR 3.41) \$865.00

- Enclosed Authorized to be charged to deposit account

Please charge any additional fees due, or credit any over payment to:

8. Deposit account number:

10-0100 (Attach duplicate copy of this page if paying by deposit account)

12/28/1999 DMSUYEN 00000254 1354160

DO NOT USE THIS SPACE

01 FC:481 02 FC:482

40.00 DP 825.00 DP

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.

HOWARD N. ARONSON Name of Person Signing

Signature

12-13-1999

Date

Total number of pages including cover sheet, attachments, and document: 5



SCHEDULE "A"

Registrations

C (STYLIZED)	1354168
CANDIE'S (BLOCK)	1157373
CANDIE'S (BLOCK)	1154885
CANDIE'S (BLOCK)	1197875
CANDIE'S (BLOCK)	1195225
CANDIE'S (BLOCK)	1429009
CANDIE'S (BLOCK)	1199658
CANDIE'S (BLOCK)	1378107
CANDIE'S (BLOCK)	1291227
CANDIE'S (STYLIZED)	1206758
CANDIE'S (STYLIZED)	1255032
CANDIE'S (STYLIZED)	1217393
CANDIE'S (STYLIZED)	1240430
CANDI-WRAPPER	1206276
SUGAR BABIES	1282561
CRAYONS	1211630
CRAYONS	1423964
CRAYONS	1385233
CRAYONS	1447357
CRAYONS	1453290
CRAYONS (STYLIZED)	1145822
THE ORIGINAL CRAYONS & DESIGN	1142664

Applications

BAR HOP	75/676811
BODY SLIP	75/676810
DOWNHILL RAZOR	75/676704
GEL OH!	75/677064
KEEP IN TOUCH	75/676705
KEEP YOUR COOL	75/677063
LUCKY STIFF	75/677061
MIST YOU BABY	75/676809
MOTION POTION	75/676706
TAKE A POWDER	75/677065
THE ONCE OVER	75/676703
UNDER ARMOR	75/677062

ROSENTHAL & ROSENTHAL, INC.
1370 BROADWAY
NEW YORK, N.Y. 10018

October 28, 1999

TO:
BANC OF AMERICA COMMERCIAL CORP.
f/k/a NATIONSBANC COMMERCIAL CORPORATION
335 Madison Ave
New York, NY 10017

RE: CANDIES, INC. AND BRIGHT STAR FOOTWEAR, INC.
(FACTORED CLIENT, jointly and severally herein the "Company")

Gentlemen:

1. To induce you to terminate your factoring arrangements with the above named Company as of October 28, 1999 (herein the "termination date"), and to limit your security interest in the accounts receivable of the Company, all as more fully set forth hereinafter, and in consideration of your doing the following as of said termination date accepting our payment in the amount of \$4,276,100, in reduction of the Company's loan account which is currently \$11,913,000; we agree to pay to you on demand:

- a. all amounts relating to accounts receivable factored by you on or prior to the termination date, and all amounts of interest, fees, expenses and any additions arising out of clerical errors and omissions, which you are or may hereafter be entitled to charge to the Company in accordance with your factoring contract with the Company;
- b. all amounts paid by you after the termination date pursuant to the guarantees, letters of credit and drafts, none of which may be amended in any way without our prior written consent in each instance, listed on the attached Schedule A in the face amount of \$117,825; and
- c. all amounts owing by the Company to you as of the termination date by reason of the Company's purchases of goods or services from any concern for whom you act as factor, as invoices therefor become due (herein "ledger debt").

Subject to the following provisions, your demands for any of the aforesaid amounts shall be conclusive upon us.

2. Our obligations under this letter do not extend to:

- a. any accounts receivable approved by you as to credit which remain unpaid solely because of the financial inability of the customer to pay at maturity; or
- b. spurious accounts receivable which did not in fact arise from the actual sale of merchandise or the rendering of services, provided, however, that if you notify us promptly of any losses attributable to your factoring of any such spurious accounts, we shall pay you the amount thereof up to the amount of any credit balance transferred by you to us, less any other payments made or to be made by us to you under this letter.

3. This agreement is entered into by us in reliance upon your representations that to your knowledge as of October 28, 1999; (a) outstanding accounts receivable total approximately \$11,156,000; (b) of these accounts, approximately \$6,224,000 are with full recourse to the Company; (c) of these accounts approximately \$NONE represent known bill and hold sales and known consignment, sale on approval, or sale or return transactions; and (d) outstanding ledger debt does not exceed approximately \$NONE. In addition, you have further represented to us that to your knowledge (other than for discounts permitted by the payment terms of the accounts receivable), all disputes,

claims, defenses, offsets or counterclaims which exist with respect to the outstanding accounts receivable are routine in nature, do not in any one instance involve more than \$44,000, and do not exceed \$326,000 in the aggregate, except as listed on the attached Schedule B (if none, so state).

4. You hereby release, as of the termination date, any and all security interests and liens which have heretofore been granted to you by the Company except as to accounts receivable factored by you on or prior to the termination date, any merchandise represented thereby (delivered or undelivered), and any proceeds thereof. Appropriate releases and termination statements are delivered herewith.

5. You agree to remit to us any amounts which the Company may be entitled to receive from you, from time to time, upon the adjustment of its account with you. If we so request, you agree to assign to us, without recourse, your rights in any accounts receivable for which we have made payment to you hereunder and any merchandise represented thereby, and you will supply us with appropriate supporting details thereof in your possession, including but not limited to copies of invoices, proofs of shipment and statements.

6. We agree to remit to you any collections that we may subsequently receive on any accounts receivable factored by you on or prior to the termination date; and you agree to remit to us any collections that you may subsequently receive on any other accounts receivable. Furthermore, you agree to remit to us any collections that you may subsequently receive on any accounts for which payment has been made by us to you. These obligations shall be irrevocable and shall survive the date set forth in Paragraph 8 below.

7. In the event that any payment which is the subject of remittance by one of us (the "Remitter") to the other (the "Recipient") pursuant to Paragraph 6 above is sought to be recovered by the payor or a representative thereof (including a trustee in bankruptcy or assignee for the benefit of creditors) on the grounds of preference, then the Remitter shall promptly so advise the Recipient in writing. Following the aforementioned written notice, the Recipient shall have the exclusive right and obligation, at its sole cost and expense, to contest, defend or settle such claim. The Recipient hereby indemnifies and holds the Remitter harmless from any loss or expense arising out of the assertion of such claim. This indemnification shall be irrevocable and survive the date set forth in Paragraph 8 below.

8. Our liability hereunder shall embrace only claims in writing received by us on or prior to July 31, 2000. Your monthly account current shall constitute such claim provided that you shall furnish us with such additional information and supporting details as we may reasonably request with respect thereto.

If the above correctly sets forth our agreement, please sign the enclosed copy of this Letter below to so indicate.

Very truly yours,

ROSENTHAL & ROSENTHAL, INC.

By: 

Title: SVP

AGREED:

BANC OF AMERICA COMMERCIAL CORP.

F/K/A NATIONSBANK COMMERCIAL CORPORATION

By: 

Title: SVP

To: Rosenthal & Rosenthal Inc.

In consideration of your executing and delivering to BANK OF AMERICA COMMERCIAL FINANCE CORP. ~~via~~ NATIONSBANC COMMERCIAL CORPORATION, (hereinafter referred to as "Old Factor"), the aforesaid Letter substantially in the form set forth above, or with such changes in form as may be required to make it acceptable to Old Factor, we hereby agree to indemnify you and save you harmless from any loss, claim or liability in connection therewith and to pay you on demand any amount you pay pursuant to the provisions of such Letter provided, however, that such loss, claim or liability is not a result of your gross negligence. Your obligation to make such payments shall be determined exclusively by you, notwithstanding any judgment we may express to the contrary, and all such payments shall be conclusive upon us insofar as you are concerned, but shall not prejudice our rights against Old Factor should we question the propriety of any demands made by it under the factoring contract or otherwise. Our signature hereon will further authorize (i) you to pay to Old Factor the sum of \$2,276,100 in reduction of our loan account with Old Factor, and (ii) Old Factor to transfer to you, any assets of ours presently held by it and any payments to which you are entitled pursuant to the Letter.

CANDIES, INC. AND BRIGHT STAR FOOTWEAR, INC.

By: _____
Title: _____

