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FORM PTO-1018A
Expires 06/30/99
OMB 0651-0017

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

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OPR/FINANCE

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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
12 13 99

Name Deep E Co.

Formerly _____

- Individual General Partnership Limited Partnership Corporation Association
- Other _____
- Citizenship/State of Incorporation/Organization Oregon, USA

Receiving Party

Mark if additional names of receiving parties attached

Name Aerogroup International, Inc.

DBA/AKA/TA _____

Composer of _____

Address (line 1) 201 Meadow Road

Address (line 2) Second Floor

Address (line 3) Edison New Jersey 08817
City State/Country Zip Code

- Individual General Partnership Limited Partnership Association
- Corporation Association
- Other _____
- Citizenship/State of Incorporation/Organization New Jersey, USA

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.)

02/02/2000 DNGUYEN 00000297 75634596

FOR OFFICE USE ONLY

01 FC:A81 40.00 DP
02 FC:A82 150.00 DP

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 Practices. 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: 002015 FRAME: 0963

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" value="75-634596"/>	<input type="text" value="75-285670"/>	<input type="text"/>	<input type="text" value="2186082"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75-621176"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2108668"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75-286782"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2106760"/>	<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.)

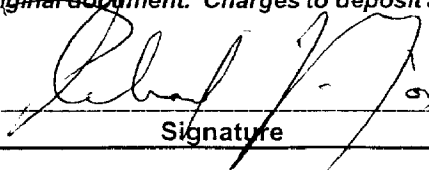
Deposit Account Number: #

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.

Richard J. Morris



1-6-00

Name of Person Signing

Signature

Date Signed

SECURITY AGREEMENT

A G R E E M E N T made as of this 13th day of December 1999, between DEEP E, CO., an Oregon corporation with principal offices located at 322 N.W. Fifth Avenue, Suite 207, Portland, Oregon 97209 (hereinafter called the "Debtor"), and AEROGROUP INTERNATIONAL, INC. with its principal place of business at 201 Meadow Road, Edison, New Jersey 08817 (hereinafter called the "Secured Party"). For purpose hereof the term "Secured Party" shall also be deemed to apply to any holder of any promissory note or other evidence of Indebtedness secured hereby.

This Security Agreement is made for purposes of the Debtor providing to the Secured Party a security interest in assets of the Debtor to secure all Indebtedness, including, any indebtedness of the Debtor to the Secured Party pursuant to a promissory note dated December 13, 1999 attached hereto as Exhibit A (the "Note") and any other indebtedness by way of loan, other monetary obligation, interest, costs, or otherwise, of the Debtor to the Secured Party; (hereafter, collectively or in a part, "Indebtedness")

IT IS, THEREFORE, AGREED:

1. As security for any and all Indebtedness of Debtor to Secured Party of any kind and in any amount, whether now existing or hereafter arising, Debtor hereby grants to the Secured Party a continuing first priority security interest in and to, and lien upon, all of Debtor's right, title and interest in and to the following (the "Collateral"):

a) All inventory and merchandise whether or not in the possession of the Debtor;

b) All accounts receivable, contracts, leases, choses in actions, instruments, claims, causes of action, and rights, as well as cash, whether now existing or hereafter arising;

c) All trade dress, trademarks, trademark applications, patents, patent applications, copyrights and other intellectual property, together with the good will appurtenant thereto or connected therewith (collectively "Intellectual Property");

d) All other personal property, including without limitation, furniture and fixtures, equipment, stocks, bonds, other securities, membership interests, choses in action, whether tangible or intangible;

e) Any and all other assets of the Debtor, including without limitation, any and all bank accounts, whether savings or checking, maintained by the Debtor, the machinery and equipment of the Debtor and/or any motor vehicles owned by the Debtor;

f) All proceeds and product of all proceeds of all of the foregoing and all substitutions and replacement thereof; and

g) All of the foregoing which may hereafter be acquired by Debtor.

2. Debtor hereby grants, assigns and conveys to the Secured Party, as collateral security hereunder, all of Debtor's right, title and interest in and to the Intellectual Property, including, but not limited to, the Intellectual Property listed on Exhibit B annexed hereto (consisting of: (i) a description of each of the trademarks, trade names, design patents, trade dress, patents and any other Intellectual Property, in which Debtor currently has any right, title or interest; (ii) where applicable, the date and place of any registration thereof with any governmental authority, registration number and the authority with which it is registered; and (iii) date of first use, any assignments, issue date and filing date) and any such right, title or interest in any Intellectual Property which shall be hereafter obtained or acquired by Debtor, and all registrations, applications and recordings thereof, and all reissues and extensions thereof, which issue or have issued in any country or jurisdiction upon any applications, including the right to sue for any past, present and future infringements, and proceeds of the foregoing, including, without limitation, to proceeds of licensing.

Specifically with respect to the grant of this security interest in the Intellectual Property, the Debtor shall execute any further assignments, security interests, powers or other documents reasonably requested by the Secured Party for purposes of effecting or otherwise effectuating this grant. The Debtor hereby irrevocably appoints the Secured Party as its lawful attorney and agent with full power of substitution from time to time for purposes of carrying out the terms of this agreement to execute and deliver on behalf of and in the name of the Debtor, such financing statements, assignments, pledges and other documents or agreements, and to take such other action as the Secured Party may deem necessary or appropriate for the purpose of performing, protecting, effecting, or continuing the security interests and collateral assignments granted herein and effected hereby, and, following the occurrence of an event of default under this Security Agreement and collateral assignment, the Note, or any other obligation of the Debtor to the Secured Party, to file on behalf of and in the name of the Secured Party, at the Debtor's sole expense, such financing statements, assignments, whether collateral or absolute, documents of transfer, agreements or other documents in any appropriate office.

3. Debtor hereby represents and warrants to the Secured Party that:

(i) it is the sole owner of the entire right, title and interest in and to the Collateral, including without limitation the Intellectual Property, inventory, equipment, furnishings and fixtures, and accounts receivable and the product and proceeds thereof, free from any mortgage, pledge, lien, security interest or other encumbrances except as is specifically set forth in Exhibit C hereto;

(ii) it has no knowledge of any pending or threatened claims, assertions, or other litigation against or respecting any of the Intellectual Property which could reasonably be expected to have any effect on the validity or enforceability of such Intellectual Property, except as set forth on Exhibit D hereto;

(iii) the execution, delivery and performance of this Agreement are within the power of the Debtor and have been duly authorized by all necessary corporate action and do

not contravene any law, rule, regulation or any judgment, decree or order of any tribunal or of any agreement to which the Debtor is a party or by which any of its property is bound;

(iv) this agreement when executed and delivered shall constitute the valid and binding obligation of the Debtor to the Secured Party in accordance with its terms and shall create a valid and enforceable security interest and lien in the Collateral provided hereunder; and

(v) the Intellectual Property listed on Exhibit B constitutes all of the Intellectual Property owned or used by the Debtor for which it has either applied for or which has been issued a registration;

4. In addition to the other covenants and agreements contained herein, Debtor hereby covenants that:

(i) it shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Secured Party;

(ii) it shall promptly apply for and obtain all renewals or extensions of the Intellectual Property to the full extent permitted by law;

(iii) it shall promptly notify the Secured Party of the institution of, and any adverse determination in, any proceeding in the United States Patent and Trademark Office or any other court or body, regarding the Debtor's claimed ownership in any of the Intellectual Property;

(iv) it shall promptly notify the Secured Party of any infringement of any of the Intellectual Property by a third party and of any claim of such an infringement and shall take all necessary actions to obtain the cessation of such infringement;

(v) it shall, at its sole expense, do, make, execute and deliver all such additional and further acts, things, deeds, assurances, and instruments, in each case in form and substance satisfactory to the Secured Party, relating to the creation, validity, or perfection of the security interests and assignments provided for in this Agreement under 35 U.S.C. Sec. 261, 15 U.S.C. Sec. 1501 *et seq.*, the Uniform Commercial Code and/or other laws of the United States or the State of Oregon as the Secured Party may from time to time reasonably request, and shall take all such other action as the Secured Party may reasonably require to more completely vest in and assure to the Secured Party its rights hereunder or in any of the Intellectual Property.

(vi) it shall, at all times, maintain possession of the tangible Collateral at Debtor's principal location at 322 North West Fifth Avenue, Suite 207, Portland, Oregon 97209, or as shall otherwise, hereafter, be agreed to between the Secured Party and Debtor, from time to time in writing, except that, so long as Debtor shall not be in default hereunder or with respect to this obligation to pay any Indebtedness to the Secured Party, Debtor shall be entitled to sell its merchandise inventory in the ordinary course of business at reasonable market values and for a fair consideration;

(vii) it shall not sell, transfer or otherwise encumber the Collateral without the prior written consent of the Secured Party;

(viii) it shall exercise its best efforts to maintain the Collateral in good usable condition;

(ix) it shall, at all times, keep the tangible personal Collateral insured against casualty or loss in an amount which shall reasonably equate with the market value thereof and shall provide the Secured Party with a certificate of insurance evidencing such coverage and naming the Secured Party as an additional insured thereunder;

(ix) it shall promptly notify the Secured Party of any change of Debtor's principal place of business or mailing address.

(x) it shall give the Secured Party, upon notice, any information it requires pertaining to the Collateral or Debtor's business, including financial statements and copies of its business records. Debtor further warrants and represents that all information at any time supplied to the Secured Party by the Debtor (including, but not limited to, the value and condition of the Collateral, financial statements and statements made in documentary collateral) shall be correct and complete and shall fully, accurately and completely disclose the financial condition of Debtor and any other person or corporation whose financial condition it purports to refer to, and the Debtor will notify the Secured Party of any material change in such information.

5. The Secured Party is irrevocably appointed the Debtor's attorney-in-fact to do any act which the Debtor is obligated hereby to do or to enforce, perfect or otherwise reasonably carry out the provisions and intent hereof; to exercise such rights as the Debtor might exercise; to enter the Debtor's premises; to give notice of the Secured Party's security interest in, and to collect the Collateral and proceeds and product thereof; and to execute and file in the Debtor's name a financing statement and amendments thereto required to perfect the Secured Party's security interest hereunder; and in all respects to do any act necessary to protect, perfect and preserve the Collateral and the Secured Party's rights hereunder.

6. In the event of a default by Debtor in making payment when due, after any applicable grace period, on any Indebtedness of Debtor to the Secured Party, or any default under any promissory note, instrument or loan creating any monetary obligation on the part of Debtor to the Secured Party or upon any default by the Debtor hereunder, at the option of the Secured Party, the Secured Party shall have all the rights, remedies and privileges with respect to the Collateral, including Debtor's right to take possession of any of the Collateral, wherever found, without notice or legal process and without liability to Debtor, as are accorded under the applicable law pursuant to the terms of this Agreement, including without limitation, the Uniform Commercial Code.

7. For purposes of this Agreement, an event of default shall consist of any one or more of the following:

(i) Any default, breach by Debtor or failure by Debtor to make payment when due of any Indebtedness of Debtor to the Secured Party which is secured by this Agreement, whether such default, breach or failure to make payment shall be of or under the provisions of this Agreement or any other agreement, promissory note, purchase order, delivery

notice, invoice or statement as between the parties hereto or any guarantor;

(ii) Any breach or failure of Debtor or any guarantor of any Indebtedness, to perform any provisions of this Agreement by Debtor on its part to be performed or any misrepresentation or failure to disclose a material fact by Debtor or failure of Debtor to comply with any of the provisions of any other agreement made and entered into between Secured Party and Deb or respecting any Indebtedness secured hereunder.

(iii) In the event Debtor, or any guarantor, respecting any Indebtedness secured hereunder, shall be adjudicated a bankrupt or shall file a voluntary petition in bankruptcy or shall file an answer to a creditors petition, or other petition for adjudication in bankruptcy or for a reorganization filed against it which answer admits in material part any allegation thereof;

(iv) Any arrangement for the benefit of creditors or assignment of all or a substantial part of the assets of or respecting Debtor, or the appointment of a receiver of the assets of the Debtor;

(v) Any judgment, attachment, levy or seizure against the Debtor, or any of the Collateral, in any amount in excess of \$50,000 which shall not be satisfied within thirty (30) days of its entry.

8. The Debtor shall not grant a security interest in, assign, or transfer any of the Collateral or the proceeds thereof or any interest therein, to any other person or entity, except as with prior written consent of the Secured Party.

9. This Agreement contains the entire understanding of the parties, and supersedes all other understandings of the parties with respect to the subject matter hereto. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, provided, however, that the perfection of the security interest granted pursuant hereto shall be governed by and construed in accordance with the laws of such state, or of the United States, as the case may be, in accordance with applicable choice of law rules. Debtor and any guarantor of any Indebtedness secured hereunder consents to the exclusive jurisdiction of the courts of the state of New Jersey, located within the County of Middlesex, in the State of New Jersey, or the United States District Court located in the state of New Jersey, and agrees that all actions or proceedings arising, directly or indirectly, from or in connection with this Agreement shall be litigated only in such courts. In any action or legal proceeding arising directly or indirectly from this Agreement, Debtor and any guarantor hereof, or of the obligations of the maker of any promissory note secured hereby, waive trial by jury and if the Secured Party shall be successful in any action or legal proceeding, it shall be entitled to recover its reasonable attorneys fees and the expenses of such litigation.

10. If any of the terms, conditions or provisions of this Agreement shall be held invalid under applicable laws, this Agreement shall be construed as if not containing such term, condition or provisions, and the rights and obligations of the parties hereto shall be construed and enforced accordingly. The Secured Party, may, from time to time, exercise any one or all of the rights or remedies granted to it, as a secured party, under the terms of this Agreement or any applicable law, concurrently or cumulatively, and the exercise of any one or more of said rights

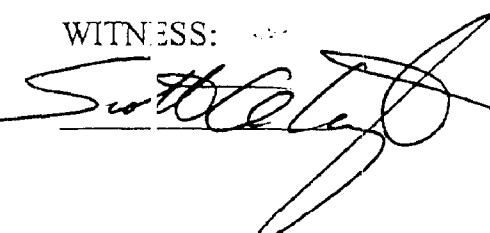
and remedies by Secured Party shall not be deemed a waiver of any other rights and remedies by Secured Party. The Secured Party shall have full power, from time to time, to assign all or part of its rights and interests in any Indebtedness secured hereunder, and/or Collateral.

11. Any notices given by either party to this Agreement to the other, shall be made either by personal delivery to the party at its address as stated above, or sent by certified mail, return receipt requested, addressed to the party at the above address. Notice shall be deemed given upon delivery, if the same is delivered personally or three days after the date of postmark, if the same is mailed properly addressed and with adequate postage. The address to which notice shall be sent may be changed by a notice given in accordance with this section.


12. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that this Agreement shall not be assignable by the Debtor without the express written consent thereof of the Secured Party.

IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized officers have executed this Agreement of the day and year first above written.

WITNESS:



DEEP E/CO.



By: _____

Name: GARY WELLS

Title: CEO

WITNESS:

AEROGROUP INTERNATIONAL, INC.

By: _____

Name: _____

Title: _____

courts of the state of New Jersey, located within the County of Middlesex, in the State of New Jersey or the United States District Court located in the state of New Jersey, and agrees that all actions or proceedings arising, directly or indirectly, from or in connection with this Agreement shall be litigated only in such courts. In any action or legal proceeding arising directly or indirectly from this Agreement, Debtor and any guarantor hereof, or of the obligations of the maker of any promissory note secured hereby, waive trial by jury and if the Secured Party shall be successful in any action or legal proceeding, it shall be entitled to recover its reasonable attorneys fees and the expenses of such litigation.

10. If any of the terms, conditions or provisions of this Agreement shall be held invalid under applicable laws, this Agreement shall be construed as if not containing such term, condition or provisions, and the rights and obligations of the parties hereto shall be construed and enforced accordingly. The Secured Party, may, from time to time, exercise any one or all of the rights or remedies granted to it, as a secured party, under the terms of this Agreement or any applicable law, concurrently or cumulatively, and the exercise of any one or more of said rights and remedies by Secured Party shall not be deemed a waiver of any other rights and remedies by Secured Party. The Secured Party shall have full power, from time to time, to assign all or part of its rights and interests in any Indebtedness secured hereunder, and/or Collateral.

11. Any notices given by either party to this Agreement to the other, shall be made either by personal delivery to the party at its address as stated above, or sent by certified mail, return receipt requested, addressed to the party at the above address. Notice shall be deemed given upon delivery, if the same is delivered personally or three days after the date of postmark, if the same is mailed properly addressed and with adequate postage. The address to which notice shall be sent may be changed by a notice given in accordance with this section.

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IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized officers have executed this Agreement of the day and year first above written.

WITNESS: _____
DEEP E, CO.
By: _____
Name:
Title:

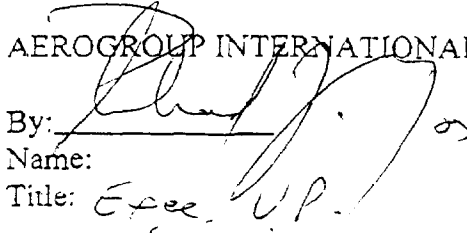
WITNESS: _____
AEROGROUP INTERNATIONAL, INC.
By: 
Name:
Title: Exec. VP.
6

EXHIBIT A
TO THE SECURITY AGREEMENT
DATED DECEMBER 13, 1999
BETWEEN DEEP E. CO., AS DEBTOR AND
AEROGROUP INTERNATIONAL, INC. AS SECURED PARTY

See Attached Note Dated December 13, 1999

EXHIBIT B
TO THE SECURITY AGREEMENT
DATED DECEMBER 13, 1999
BETWEEN DEEP E. CO., AS DEBTOR AND
AEROGROUP INTERNATIONAL, INC. AS SECURED PARTY

INTELLECTUAL PROPERTY

TRADEMARKS

<u>Description</u>	<u>Registration/Application Number</u>	<u>International Class</u>
SUSTANA	2186082	CL 18
SUSTANA	75-286782	CL 18, 25
SUSTANA	75-285670	CL 40
DEEP E	2108668	CL 18, 25
E DESIGN	2106760	CL 18 25
NATIVA	75-621176	CL 17, 25
SOLE OF THE RAINFOREST	75-634596	CL 17, 25

PATENTS

None

EXHIBIT C
TO THE SECURITY AGREEMENT
DATED DECEMBER 13, 1999
BETWEEN DEEP E. CO., AS DEBTOR AND
AEROGROUP INTERNATIONAL, INC. AS SECURED PARTY

SECURITY INTERESTS IN ASSETS OF DEEP E, CO.

- a) Wells and the Debtor, jointly and severally, represent and warrant that: Wells has guaranteed a loan, pursuant to a promissory note dated December 4, 1997, made by Wells Fargo Bank, N.A. ("Wells Fargo") in the initial principal amount of \$270,000.00 and that the obligation of the Debtor to Wells in connection with that guarantee is secured by a Security Interest granted by the Debtor to Wells in all assets of the Debtor pursuant to a security agreement effective December 4, 1997; the current outstanding principal balance of this indebtedness of the Debtor to Wells Fargo is not in excess of \$210,000.00; Wells Fargo holds no security interest in any assets or property of the Debtor to secure this indebtedness or any other of the Debtor to Wells Fargo;
- b) Stranahan and the Debtor, jointly and severally, represent and warrant that : Stranahan has guaranteed a loan pursuant to a promissory note dated February 8, 1999, by Northern Trust Company, an Illinois banking corporation ("Northern Trust") in the initial principal amount of \$350,000.00 and that the obligation of the Debtor to Northern Trust in connection with that guarantee is secured by a Security Interest granted by the Debtor to Stranahan in all assets of the Debtor pursuant to a security agreement dated February 8, 1999; the current outstanding principal balance of this indebtedness of the Debtor to Northern Trust at the current time is not in excess of \$350,000.00. Northern Trust holds no security interest in any assets or property of Debtor to secure this indebtedness or any other of the Debtor to Northern Trust;
- c) Olympic and the Debtor, jointly and severally, represent and warrant that: the Debtor is currently indebted to Olympic in an amount not in excess of \$14,000.00, and that the said indebtedness arose in connection with a certain factoring and accounts receivable financing arrangement between Olympic and the Debtor pursuant to an agreement dated April 13, 1999; the said indebtedness is secured by a Security Interest in favor of Olympic on all accounts receivable, contract rights, general intangibles and books and records of the Debtor;
- d) Vigor and the Debtor, jointly and severally, represent and warrant that: Vigor made a loan to Debtor in the principal amount of \$25,000.00 evidenced by a promissory note dated February 2, 1998, the present outstanding principal balance of which is in the amount of \$31,621.00, and that the said note purports to create a Security Interest in the assets of Debtor;
- e) Tonkin and Debtor, jointly and severally, represent and warrant that: the Debtor is indebted to Tonkin in the principal amount of \$44,269.00 pursuant to a promissory note and that the said indebtedness represents the entire indebtedness of the Debtor to Tonkin;
- f) Barish and the Debtor, jointly and severally, represent and warrant that: pursuant to a loan agreement between Debtor and Barish dated February 16, 1999 an indebtedness of the Debtor to Barish in the principal amount of \$150,012.00 was created and that the present outstanding balance thereon is \$89,825.60; the said indebtedness is secured by a security agreement dated February 16, 1999 in favor of Barish on all inventory of the Debtor; the Security Interest granted by the Debtor to Barish is in all respects limited only to the following inventory (hereinafter the "Excepted Inventory"): approximately 1,750 pairs of footwear (Models: U-turns 1,054 pairs, Amazonia 3,736 pairs and Coho sandals 960 pairs).

* * * * *

EXHIBIT D
TO THE SECURITY AGREEMENT
DATED DECEMBER 13, 1999
BETWEEN DEEP E, CO., AS DEBTOR AND
AEROGROUP INTERNATIONAL, INC. AS SECURED PARTY

PENDING OR THREATENED CLAIMS
RESPECTING INTELLECTUAL PROPERTY

None