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U.S. Patent & TMO/TM Mail Rcpt Dt. #61



To the Hon.

Attached original documents or copy thereof.

1. Name of conveying party(ies):

The Cummings Group, Inc.

S.O.U.U

101371910

Name of receiving party(ies):

Name: Philip J. and Mary S. Randazzo

Internal Address:

Street Address: 28012 Modjeska Grade Road

City: Silverado Canyon State: CA ZIP: 92676

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

Additional names(s) of conveying party(ies) Yes No

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

If assignee is not domiciled in the United States, a domestic designation is Yes N
(Designations must be a separate document from Additional name(s) & address(es) Yes N

3. Nature of conveyance:

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

Execution Date: January 1, 2000

4. Application number(s) or registration numbers(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2,157,980

2,047,519

Additional numbers Yes No

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

Name: Richard L. Myers

Internal Address:

Street Address: MYERS, DAWES & ANDRAS

650 Town Center Drive

City: Costa Mesa State: CA ZIP: 92626

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41): \$ 80.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

01-1960

06/01/2000 DNGUYEN 00000046 2157910

DO NOT USE THIS SPACE

01 FC:481
02 FC:482

40.00 OP
25.00 OP

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.

Richard L. Myers, Reg. No. 26,490

Name of Person Signing

Richard L. Myers
Signature

5/4/00
Date

Total number of pages including cover sheet, attachments, and

15

TRADEMARK

SECURITY AGREEMENT

1. **A. Date of Execution and Parties to the Security Agreement.** This Security Agreement is effective as of January 1, 2000. The parties to this Security Agreement are as follows:

SECURED PARTIES:

Name: Philip J. and Mary S. Randazzo
Trustees of the Randazzo Community Property
Trust, dated June 8, 1990
Address: 28012 Modjeska Grade Road
Silverado Canyon, California 92676

DEBTOR:

Name: The Cummings Group, Inc. (formerly known as
James E. Cummings, Inc.) (also known as
Company)
Address: 4065 East La Palma Avenue, Suite F
Anaheim, California 92807

OTHER PARTIES:

Name: James E. Cummings and Charlotte Cummings
(Collectively the "Cummings")
Address: 4065 East La Palma Avenue, Suite F
Anaheim, California 92807

B. **Consideration.** Secured Parties, Debtor and Cummings enter into this Security Agreement in consideration of the mutual covenants, conditions and terms set forth below, the receipt and sufficiency of which is hereby acknowledged, including, without limitation, the following:

- (1) Secured Parties' agreement to continue to guarantee the Company's bank loan from the Bank of America;
- (2) Secured Parties' agreement not to compete with the Company, as set forth in the related Stock Purchase Agreement;
- (3) Secured Parties' loan of \$56,000 to the Company;
- (4) Secured Parties' loan of \$600,000 to the Cummings; and

(5) Secured Parties' release of certain claims against the Company and the Cummings.

2. Definitions. As used in this Security Agreement, the following terms will have the following meanings:

A. "Collateral" means all of the intellectual property rights of the Debtor that are involved in the manufacture, distribution, brokering or sale of products for the equine care industry, including, without limitation, all trademarks, service marks and trade names (specifically including, without limitation, those trademarks, service marks and trade names described in Exhibit A, attached hereto), which trademarks, service marks and trade names are collectively described below as the "Marks," regardless of whether or not such marks and/or names have been registered, all goodwill associated with the "Marks" and all copyrights, patents, customer lists, vendor lists, product formulae, trade secrets and other proprietary or confidential information, data processes and all after-acquired property and proceeds, involving the equine care industry, as defined above. This excludes the Debtor or Cummings' stock and the Debtor's accounts receivable, inventory, equipment, vehicles, related after acquired property and proceeds of same. This also excludes other intellectual property rights and rights or property described in this paragraph (i.e., trademarks, trade secrets, etc.) not involved in the manufacture, distribution, brokering or sale of products for the equine care industry.

B. "Debtor" means the owner of the Collateral, The Cummings Group, Inc. (the "Company").

C. "Indebtedness" means the obligation of the Company, guaranteed by the Cummings, to pay Secured Parties Fifty-Six Thousand Dollars (\$56,000) pursuant to a Promissory Note dated January 1, 2000 (a copy of which is attached hereto as Exhibit B) and to perform all obligations incident thereto, and the obligation of the Cummings to pay Secured Parties Six Hundred Thousand Dollars (\$600,000) pursuant to a Promissory Note dated January 1, 2000 (a copy of which is attached hereto as Exhibit C), and to perform all obligations incident thereto.

D. "Lien" means any security interest, mortgage, pledge, lien, attachment, claim, charge, encumbrance, agreement retaining title, or lessor's interest covering the Collateral.

E. "Marks" means all of the trademarks, service marks, trade names, logos and other indicia of ownership, brand or source used now or at anytime in the future by Debtor.

F. "Obligations" means existing and future indebtedness, liability or obligation of Debtor or Cummings, owed to Secured Parties, including, without limitation, the Indebtedness referenced above, and the obligations of Debtor under this Security Agreement and under the related Stock Purchase Agreement dated the same date herewith, which obligations include, without limitation, the obligation to cause Secured Parties to be released unconditionally from all obligations to guarantee any debts or obligations of the Company (specifically including all outstanding loans or other financial obligations owed to the Bank of America), by no later than December 31, 2000, and the continuing joint and several obligation to indemnify, defend and hold harmless Secured Parties from any and all liabilities owing under or related to the business conducted by Debtor, and including interest on the Indebtedness and attorneys' fees incurred by Secured Parties in enforcing this Security Agreement or collecting payment under it.

G. "Potential default" means an event or omission that would be a default under this Security Agreement or any other document evidencing or creating security for the Indebtedness or for any other obligation, except for the passage of time or the giving of notice.

H. "Secured Parties" means Philip J. and Mary S. Randazzo, Trustees of the Randazzo Community Property Trust, dated June 8, 1990

I. Terms defined in the California Uniform Commercial Code not otherwise defined in this Security Agreement are used in this Security Agreement as defined in that Code on the date of this Security Agreement.

3. Grant of Security Interest. Debtor hereby grants Secured Parties a security interest in the Collateral described above to secure payment of the Indebtedness and performance of all of the Obligations.

4. Debtor's Covenants. Debtor promises:

A. To pay the Indebtedness of the Company and to perform all of the Obligations of the Company owing to Secured Parties when they are due;

B. To pay all expenses, including attorneys' fees, incurred by Secured Parties in the perfection, preservation, realization, enforcement, and exercise of their rights under this Security Agreement (but not including any expenses of Secured Parties incurred in connection with the initial transaction, whereby the security interest herein is created).

C. To indemnify, defend and hold harmless Secured Parties against loss or damage of any kind, including reasonable attorneys' fees, caused to Secured Parties by reason of their interest in the Collateral;

D. To conduct Debtor's business efficiently and without voluntary interruption;

E. To preserve all rights and privileges held by Debtor's business related to the Collateral;

F. To keep Debtor's business property related to the Collateral in good repair;

G. To pay all taxes when due;

H. To give Secured Parties notice of any litigation that may have a material adverse effect on the Collateral;

I. To not change the name or place of business, or to use a fictitious business name, without first notifying Secured Parties in writing;

J. To not sell, lease, transfer, or otherwise dispose of the Collateral, except as otherwise expressly permitted herein;

K. To not permit liens on the Collateral, except existing liens and current tax liens;

L. To not use the Collateral for any unlawful purpose;

M. To permit Secured Parties, their representatives, and their agents to inspect the records pertaining to the Collateral, at reasonable times at Secured Parties' request;

N. To perform all acts necessary to maintain, preserve and protect the Collateral;

O. To pay all renewal fees and other fees and costs associated with maintaining the Marks and with the processing of the Marks;

P. At Debtor's sole cost, expense and risk, to pursue the prompt, diligent, processing of each application for registration for each Mark not currently registered, which is the subject of the security interest created herein and not to abandon or delay any such efforts;

Q. At Debtor's sole cost, expense and risk, to take any and all action that Debtor deems desirable to protect the Marks, including, without limitation, but such to Debtor's discretion, the prosecution and defense of infringement actions;

R. To notify Secured Parties promptly in writing of any default, potential default or any development that might have a material adverse effect on the Collateral;

S. To execute and deliver promptly to Secured Parties all financing statements, collateral assignment of trademarks (to be filed with the United States Patent and Trademark Office) and all other documents that Secured Parties request, in order to maintain a first perfected security interest in the Collateral and all proceeds therefrom and all after-acquired property; and

T. To furnish Secured Parties the reports relating to the Collateral at Secured Parties' reasonable request (not more frequently than quarterly).

5. Cummings' Covenants.

A. Cummings agree that so long as either Debtor or Cummings owes any obligation to Secured Parties pursuant to the Stock Purchase Agreement, Security Agreement, Promissory Notes or Personal Guaranty, Cummings will not, directly or indirectly, own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be an employee, agent, servant, partner, joint venturer or independent contractor, of any business that manufactures, distributes or sells grooming and related products for the equine care industry, except in their capacity as owners and managers of Debtor. Cummings acknowledge that Debtor does business in all fifty (50) states in the United States and intends to sell internationally. Specially, but not by way of limitation, Cummings shall be deemed to be carrying on such a business if the business is carried on by an affiliate defined as: (a) a partnership, joint venture or other legal entity, in which either of Cummings is a general or limited partner, employee, member or owner or (b) a corporation or an association of which either of Cummings owns, directly or indirectly, more than five percent (5%) beneficial interest.

B. The manufacture, distribution, brokerage or sale of products for human care is neither covered by nor a violation of this Security Agreement. The manufacture, distribution, brokerage or sale of products for the equine care industry, whether by Debtor, Cummings or an affiliate of either, as defined in Paragraph 5.A. above, is covered by this Security Agreement. If Debtor, Cummings or an affiliate of either engages in the manufacture, distribution, brokerage or sale of products for the equine care industry, Cummings agrees

that Debtor, Cummings and/or the affiliate of either will take the necessary steps promptly to perfect Secured Parties' security interest to that additional collateral (as defined in Paragraph 2.A.) as additional security under this Security Agreement. Failure of Debtor, Cummings and/or the affiliate of either to take the necessary steps described above will, at the option of Secured Parties, be a default under this Security Agreement.

C. Cummings acknowledges and agrees that these covenants are given as an inducement to Secured Parties in connection with the sale of Secured Parties' shares in Debtor to Cummings and to secure further Secured Parties' security interest in the Collateral.

6. Power of Attorney. Debtor hereby appoints Philip J. Randazzo and Mary Randazzo, or any other person whom Secured Parties may designate, as Debtor's attorney in fact, with the following powers (which powers shall come into effect after default by Debtor and after the failure of Debtor to cure such default within ninety (90) days of Secured Parties mailing a notice of default to Debtor):

A. To perform any of Debtor's Obligations under this Security Agreement in Debtor's name or otherwise;

B. To give notice of Debtor's right to payment, to enforce that right, and to make extension agreements with respect to it;

C. To release persons liable on rights to payment, to compromise disputes with those persons, and to surrender security related to the Collateral, all as Secured Parties determine in their sole discretion when acting in good faith based on information known to it when they act;

D. To prepare and file financing statements, collateral assignment of trademarks (to be filed with the United States Patent and Trademark Office), continuation statements, statements of assignment, termination statements, and the like, as necessary to perfect, protect, preserve, or release Secured Parties' interest in the Collateral;

E. To endorse Debtor's names on instruments, documents, or other forms of payment or security that come into Secured Parties' possession related to the Collateral;

F. To take cash in payment of Obligations; and

G. To verify information concerning rights to payment by inquiry in their own name or in a fictitious name.

7. Debtor's Additional Covenants. A. Debtor's promises the following:

(1) To receive and use reasonable diligence in collecting the proceeds, and to deliver the proceeds required to be delivered by this Security Agreement to Secured Parties, except as otherwise permitted hereunder;

(2) To not commingle the proceeds with other property or proceeds;

(3) To keep complete and accurate records of the proceeds, in accordance with generally accepted accounting principles; and

(4) To provide any service and perform any other acts necessary to keep the proceeds free and clear of defenses, rights of set-off and counterclaims.

B. In order to further secure the Obligations:

(1) Debtor shall give Secured Parties written notice (with reasonable detail) within ninety (90) days following the occurrence of any of the following:

(a) Debtor obtains rights to, and file applications for registration of, any new trademarks or service marks, or otherwise acquire ownership of any newly registered trademarks, registered service marks, trademark applications or service mark applications (other than Debtor's right to sell products containing the trademarks of others in the ordinary course of Debtor's business) provided it falls within the definition of "collateral" in paragraph 2A; or

(b) Debtor becomes entitled to the benefit of any registered trademarks, trademark applications, trademark licensees, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than Debtor's right to sell products containing the trademarks of others in the ordinary course of Debtor's business), provided that they fall within the definition of "collateral" in paragraph 2A.

C. The provisions of this Security Agreement shall automatically apply to any such additional property or rights described herein, all of which shall be deemed to be and treated as "Marks" within the meaning of this Security Agreement, provided it falls within the definition of "collateral" in paragraph 2A.

8. Debtor and Cummings' Warranties and Representations. Debtor and Cummings, jointly and severally, covenant, warrant, and represent as follows:

A. The Company is a corporation, duly organized, validly existing, and in good standing under the laws of California and has all necessary authority to conduct its business wherever it is conducted.

B. Cummings are residents of the State of California.

C. Debtor is authorized to execute and deliver this Security Agreement. This Security Agreement is a valid and binding obligation of Debtor. This Security Agreement creates a perfected, first priority security interest enforceable against the Collateral in which Debtor now has rights, and will create a perfected, first priority security interest enforceable against the Collateral in which Debtor later acquire rights, when Debtor acquire those rights.

D. Exhibit A includes all of the registered trademarks, federal trademark applications, registered service marks and federal service mark applications now owned by Debtor.

E. No liens, claims or security interests have been granted in any Mark by Debtor to any person other than to Secured Parties.

F. Neither the execution and delivery of this Security Agreement, nor the taking of any action in compliance with it, will (1) violate or breach any law, regulation, rule, order, or judicial action binding on Debtor, any agreement to which Debtor is a party, the Company's articles of incorporation or bylaws; or (2) result in the creation of a lien against the Collateral, except that created by this Security Agreement.

G. No default or potential default under this Agreement exists.

9. Termination. This Security Agreement will terminate when (a) Debtor completes performance of all Obligations to Secured Parties, including, without limitation, the repayment of all Indebtedness by Debtor and Cummings to Secured Parties; (b) Secured Parties have no commitment that could give rise to an Obligation; and (c) Debtor has notified Secured Parties in writing of the termination; provided, however, this Security Agreement shall not continue to secure obligations related to other agreements between Debtor and Secured Parties after the payment in full of the Indebtedness.

10. Default. A. Debtor will be in default under this Security Agreement if any of the following defaults are not cured within ninety (90) days of Secured Parties sending a notice of default to Debtor:

(1) Debtor or Cummings fail to pay any installment when due under the Indebtedness, or the entire Indebtedness owed to Secured Parties when due, at stated maturity, on accelerated maturity, or otherwise.

(2) Debtor fails to make any remittances required by this Security Agreement.

(3) Debtor or Cummings commit any breach of this Security Agreement, or any present or future rider or supplement to this Security Agreement, or the Obligations or any other agreement between Debtor, Cummings and Secured Parties.

(4) Any warranty, representation or statement, made by or on behalf of Debtor or Cummings in or with respect to this Security Agreement, is false.

(5) The Collateral is transferred, encumbered (except as to the security interest created herein), hypothecated or otherwise adversely and materially affected.

(6) There is a seizure or attachment of, or a levy on, the Collateral.

(7) Debtor ceases operations, is dissolved, terminate its existence, does or fails to do anything that allows obligations to become due before their stated maturity, or become insolvent or unable to meet its debts as they mature, or Cummings commences competitive business operations in violation of this Security Agreement.

B. Notwithstanding anything to the contrary contained in this Security Agreement, Debtor shall be in immediate default with no notice of default and with no opportunity to cure upon the occurrence of any of the following:

(1) Any sale by the Company of all or substantially all of the assets of the Company, whether voluntarily or involuntarily;

(2) Any merger, consolidation, acquisition or other reorganization of the Company;

(3) Any sale by Cummings of more than twenty-five percent (25%) of the outstanding stock of the Company, whether voluntarily or involuntarily; or

(4) Any change in control of the voting rights with respect to the Company.

(5) A transfer of stock and/or voting rights to Cummings' Family Trust shall not be a default; provided that Cummings' beneficial interest in the trust is not changed except due to death. Cummings may also substitute the trustee of the trust. For purposes of this Security Agreement, Cummings' Family Trust shall mean an estate planning community property trust, so long as Cummings, or the survivor of the two, shall remain the sole trustee(s) and shall be the sole present beneficiary(ies). The substitution of a third party trustee or any third party shall be deemed a transfer, causing the principal and interest under the Indebtedness to become immediately due and payable.

11. Remedies. When an event of default occurs (which is not timely cured as provided herein):

A. Secured Parties may:

(1) Declare the entire amount of the Indebtedness immediately due and payable without demand, presentment, protest or notice to Debtor, all of which Debtor expressly waive;

(2) Exercise all rights and remedies available to a secured creditor after default, including, without limitation, the rights and remedies of secured creditors under the California Uniform Commercial Code; and

(3) Perform any of Debtor's obligations under this Security Agreement for Debtor's account. Any money expended or obligations incurred in doing so, including reasonable attorneys' fees and interest at the highest rate permitted by law, will be charged to Debtor and/or Cummings, as the case may be, and added to the obligation secured by this Security Agreement.

B. Secured Parties' notice of the time and place of public sale of the Collateral, or the time on or after which a private sale or other disposition of the Collateral will be made, is reasonable if sent to Debtor in the manner for giving notice at least five days before the public or private sale.

C. Debtor agrees to:

(1) Assemble the Collateral and make it and all records relating to it available to Secured Parties as Secured Parties direct; and

(2) Allow Secured Parties, their representatives and their agents to enter the premises where all or any part of the records relating to the Collateral may be, and remove any or all of them.

12. Further Assurances. Debtor and Cummings agree, upon the request of Secured Parties and without further consideration, to take such other and further measures, and execute such other and further documents, as may be necessary or appropriate to implement this Security Agreement, including, without limitation, executing the necessary UCC financing statement forms, collateral assignment of trademarks and related documents. If Debtor or Cummings fail to take any such actions or execute such documents as requested by Secured Parties, then Debtor and Cummings hereby appoint Secured Parties as their attorney-in-fact to take such actions and/or execute such documents.

13. Costs and Attorneys' Fees. In the event an action is brought concerning this Security Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.

14. Waiver by Secured Parties. No waiver by Secured Parties of any breach or default will be a waiver of any breach or default occurring later. A waiver will be valid only if it is in writing and signed by Secured Parties.

15. Survival of Representations and Warranties. Debtor's and Cummings' representations and warranties made in this Security Agreement will survive its execution, delivery, and termination.

16. Assignment. This Security Agreement will bind and benefit the successors and assignees of the parties, but Debtor may not assign its rights under this Security Agreement without Secured Parties' prior written consent.

17. Governing Law. This Security Agreement will be governed by the law of California.

18. Entire Agreement. This Security Agreement is the entire agreement, and supersedes any prior agreement or understandings, between Secured Parties, Debtor and Cummings relating to the Collateral.

19. Severability. If any clause, phrase, provision or portion of this Security Agreement or the application thereof to any person or circumstances shall be invalid, or unenforceable under applicable law, such event shall not affect, impair or render invalid or unenforceable the remainder of this Security Agreement nor any other clause, phrase, provision or portion hereof, nor shall it affect the application of any clause, phrase, provision or portion hereof to other persons or circumstances.

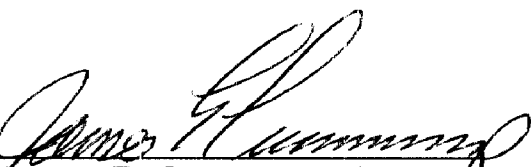
20. Gender Construction. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Security Agreement or any article or paragraph hereof may require.

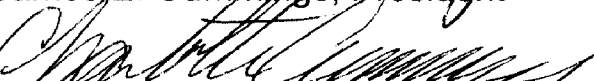
21. Notices. Notices under this Security Agreement are considered to be served three (3) days after they are deposited in the United States mail, with prepaid first-class postage, with a copy sent by certified mail, return receipt requested, addressed to Secured Parties, Debtor and Cummings at the addresses shown on the first page of this Security Agreement.

22. Execution of this Security Agreement. This Security Agreement is effective as of the first date written above.

“Debtor”

The Cummings Group, Inc.

By: 
James E. Cummings, President

By: 
Charlotte Cummings, Secretary

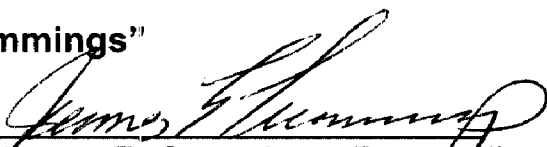
“Secured Parties”

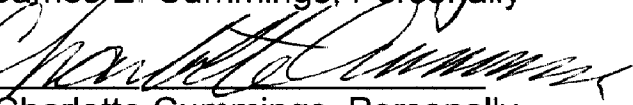
**Philip J. and Mary Randazzo
Trustees of the Randazzo
Community Property Trust, dated
June 8, 1990**

By: 
Philip J. Randazzo, Trustee

By: 
Mary S. Randazzo, Trustee

“Cummings”

By: 
James E. Cummings, Personally

By: 
Charlotte Cummings, Personally

**EXHIBIT A TO
SECURITY AGREEMENT**

Description of the Marks

“Cowboy Magic” (United States Patent and Trademark Office Registration No. 2,157,980 – May 19, 1998)

“Charmar Land & Cattle Co.” (United States Patent and Trademark Office Registration No. 2,047,519 – May 25, 1997)