

MPD  
6-29-00

08-11-2000



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RECORDATION FOR  
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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

Name

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)

- Individual  General Partnership  Limited Partnership  Corporation  Association

Corporation  Association

Other

Citizenship/State of Incorporation/Organization

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.)

FOR OFFICE USE ONLY

08/11/2000 DNGUYEN 00000130 181290 1794378

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

**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="1,794,378"/>	<input type="text"/>	<input type="text"/>
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**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.

Barbara Bauer

6/28/2000

Name of Person Signing

Signature

Date Signed

BILL OF SALE

In consideration of the payment in the sum of \$ 5,100,000 to the undersigned, Orient Fisheries, Inc. ("Orient") as secured party under a Security Agreement dated August 14, 1992, signed by debtor Avalon Bay Foods, Inc., a California Corporation ("Debtor"), a full true and correct copy of which is attached hereto and marked Exhibit "A", the security interest of which was perfected by a Uniform Commercial Code Financing Statement, Form 1, signed by Debtor, filed in Sacramento, California on September 24, 1992, as file no. 92208188, a full true and correct copy of which is attached hereto and marked Exhibit "B", Orient hereby sells, assigns, transfers and sets over to Orient Fisheries, Inc. ("Purchaser"), all of Debtor's interest in the personal property described in said Security Agreement and Uniform Commercial Code Financing Statement attached hereto (the "Property").

The Personal Property is subject to a prior and paramount security interest in favor of the Bank of China to secure an indebtedness of Debtor to the Bank of China in the approximate sum of \$3,960,000, which fact has previously been disclosed to Purchaser.

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DEBTOR'S INTEREST IN THE PERSONAL PROPERTY IS SOLD AS IS, WHERE IS, WITH NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE. IN PARTICULAR, ORIENT HAS MADE NO REPRESENTATIONS OR WARRANTIES TO PURCHASER INVOLVING THE TITLE, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, OR THE COMPLETENESS OR ACCURACY OF ANY WRITTEN DESCRIPTION OF THE PERSONAL PROPERTY, INCLUDING, BUT NOT LIMITED TO, THE DESCRIPTIONS SET FORTH IN THE ATTACHED SECURITY AGREEMENT AND UNIFORM COMMERCIAL CODE FINANCING STATEMENT.

It shall be the responsibility of Purchaser to remove all Personal Property purchased from the premises at which such personal property is located at Purchaser's sole cost and expense.

Payment must be made cash or a cashier's check drawn on a bank located within the State of California or a major money center bank acceptable to Orient.

ORIENT FISHERIES, INC.,  
a California Corporation, as  
secured party

By *David Rouse*  
Its *Attorney*

JACK ROUSE & SON, AUCTIONEERS

By *William Rouse*  
William Rouse, Its President

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CREDIT MODIFICATION, TERMINATION  
AND FORECLOSURE AGREEMENT

THIS CREDIT MODIFICATION, TERMINATION AND FORECLOSURE AGREEMENT ("Agreement") is entered into as of August 12, 1993 by and among Orient Fisheries, Inc. ("Orient") a California corporation, Red Chamber Co. ("Red Chamber"), a California corporation, and Fisherman's Pride Processors, Inc. ("FPPI") d/b/a Neptune Foods, a California corporation, Avalon Bay Foods, Inc. ("ABF"), a California corporation, Thomas Henderson as an individual and Robert Henderson as an individual.

RECITALS

A. Orient, FPPI and Red Chamber have extended credit and supplied seafood products to ABF pursuant to the terms of an Agreement among Orient, ABF, Thomas Henderson and Robert Henderson dated August 31, 1993 ("Credit Agreement").

B. All rights and powers of FPPI and Red Chamber under the Credit Agreement have been entirely assigned to Orient.

C. All obligations owed under the Credit Agreement are secured by a lien ("Orient Lien") on all personal property assets of ABF including, without limitation, accounts receivable, inventory, equipment, fixtures, trade names, trade secrets, recipes (collectively the "Orient Collateral") pursuant to the terms of security agreements dated September 9, 1992 ("Security Agreements"). The Orient Lien was perfected by the filing of three UCC-1 Financing Statements with the California Secretary of State on September 24, 1992, as follows: (i) in favor of Orient as Doc. No. 92-208188, (ii) in favor of Red Chamber as Doc. No. 92-208189, and (iii) in favor of FPPI as Doc. No. 92-208190.

D. In connection with the Credit Agreement, Thomas Henderson and Robert Henderson executed personal guarantees as set forth herein and have executed no other guarantees.

E. ABF is obligated to Bank of China under the terms of a loan agreement dated December 21, 1992 ("China Loan Agreement") pursuant to which the Bank of China provides ABF with a line of credit. The amount outstanding under the China Loan Agreement as of August 3, 1993 was \$3,960,000.00 principal which was declared by Bank of China to be in default on June 21, 1993.

F. The obligations of ABF under the China Loan Agreement have been secured and guaranteed by:

a. a deed of trust (the "China Deed of Trust") dated December 21, 1992 and recorded January 4, 1993 in Book 1529 Page 298 of the Official Records of Sutter County, which encumbers certain real property owned by ABF in Yuba City, California (the "Yuba City Property");

b. a security agreement (the "China Security Agreement") dated December 21, 1992 which encumbers all of the personal property assets of ABF;

c. a guaranty executed by Red Chamber dated December 30, 1992;

d. a personal guaranty of Thomas Henderson dated December 28, 1992;

e. a personal guaranty of Robert Henderson dated December 28, 1992;

f. a personal guaranty of Shu Chin Kou dated December 28, 1992;

g. a personal guaranty of Shan Chun Kou dated December 28, 1992;

h. a personal guaranty of Ming Shin Kou dated December 28, 1992;

i. a personal guaranty of Ming Bin Kou dated December 28, 1992;

j. a personal guaranty of Karen Henderson dated December 28, 1992;

k. a personal guaranty of Lois Henderson dated December 28, 1992;

G. ABF is obligated to the Siam Commercial Bank, Ltd. (hereafter "Bank of Siam") under the terms of a loan agreement ("Siam Loan Agreement") dated as of December 1, 1992. The amount outstanding under the Siam Loan Agreement was \$966,666.70 principal as of August 3, 1993.

H. The obligations under the Siam Loan Agreement have been secured and guaranteed by:

a. a deed of trust ("Siam Deed of Trust") dated as of December 1, 1992 and recorded December 10, 1992 in the Official Records of Sutter County, California, encumbering the Yuba City Property;

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- b. guaranty of Orient, dated December 7, 1992;
- c. a personal guaranty of Thomas Henderson dated December 4, 1992;
- d. a personal guaranty of Robert Henderson dated December 7, 1992;
- e. a personal guaranty of Shu Chin Kou dated December 7, 1992;
- f. a personal guaranty of Shan Chun Kou dated December 7, 1992;
- g. a personal guaranty of Ming Shin Kou dated December 7, 1992;
- h. a personal guaranty of Ming Bin Kou dated December 7, 1992;
- i. a personal guaranty of Karen Henderson dated December 7, 1992;
- j. a personal guaranty of Lois Henderson dated December 7, 1992.

I. ABF is obligated to Bank of California pursuant to the terms of a loan agreement ("BankCal Loan Agreement") dated as of July 29, 1989, as amended. The obligations under the BankCal Loan Agreement are secured by the terms of a deed of trust ("BankCal Deed of Trust") encumbering certain real property commonly referred to as 222 14th Street, Oakland, California (the "14th Street Property"). The amount outstanding under the BankCal Loan Agreement was \$266,668.00 principal as of July 30, 1993. Orient has subordinated its ABF indebtedness to the Bank of California.

J. The Orient Lien is junior and subordinate to the lien held by Bank of China on the personal property assets of ABF. The Bank of Siam has a first priority lien on the Yuba City Property; the Bank of China has a second priority lien on the Yuba City Property.

K. ABF is obligated to various suppliers, employees and service providers (including attorneys) for goods and services provided.

L. ABF is the defendant and cross-complainant in litigation filed by:

a. Kartika Pratama, Kartika Wiratama, Kartika Abef International and Jason Suryana for goods allegedly supplied in 1989 or 1990 ("Kartika Litigation"); and

b. Citibank for a guaranty executed in 1990 for which ABF claims it received no consideration ("Citibank Litigation"). ABF claims that it has defenses to such litigation, and that the amounts claimed in the Kartika Litigation have been grossly inflated, and that it received no reasonable consideration or any consideration at all in connection with either litigation.

M. Orient claims that ABF is in default under the Credit Agreement. Orient claims that it can cease providing product to ABF and Orient can commence foreclosure on its collateral.

N. ABF is willing to cooperate with Orient regarding the foreclosure upon its assets on the conditions specified below.

### AGREEMENT

NOW, THEREFORE, in consideration of the above recitals and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. Acknowledgment of Indebtedness. ABF acknowledges and admits that it is as of August 5, 1993 indebted to Orient under the Credit Agreement as follows: (i) principal in the aggregate amount of \$4,605,472.86 and (ii) together with interest as provided in the Credit Agreement. (This indebtedness together with all obligations of ABF, Thomas Henderson, and Robert Henderson under the Credit Agreement and the Orient Lien are occasionally referred to as the "Orient Obligations".)

2. Acknowledgment of Liens. ABF hereby reaffirms that all of the Orient Obligations are secured by the Orient Lien on all of ABF's personal property assets.

3. Acknowledgement of Breach. For the purposes of this Agreement, ABF acknowledges that it is in breach of the Credit Agreement by reason of (i) its financial condition, (ii) the claims by Bank of China, (iii) the adverse impact related to the pending lawsuits referenced in Recital L, above, which have generated serious concern of ABF's financial viability, (iv) the claims of Bank of Siam and (v) failure to perform under the Credit Agreement. (The above occurrences shall be referred to collectively as the "Stated Defaults".)

4. Further Advances. So long as ABF fully performs all terms and provisions of this Agreement and there is no default as described in Paragraph 20 hereof, Orient agrees in its sole and

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absolute discretion to continue to provide ABF with product on the same terms and conditions in the Credit Agreement. All such delivery of product shall be treated as an advance of product under the Credit Agreement and will be included under the Orient Obligations.

5. Use Of Proceeds. Pending foreclosure of Orient pursuant to Commercial Code § 9504 and whether or not Orient elects, in its sole and absolute discretion, to seek judicial approval thereof pursuant to Commercial Code § 9507, ABF shall be permitted to collect all proceeds from its normal business operations subject to the following:

a. ABF shall use such proceeds to pay its legitimate trade creditors, employees, tax obligations, utilities and other regular expenses associated with operation of ABF's normal business operations and other existing and uncontested creditors, including but not limited to, Bank of California, Bank of China, Bank of Siam and ABF's attorneys in such order as is determined by ABF in its sole and absolute discretion.

b. ABF shall not use such proceeds to make any payment of any dividend, bonus and/or payment to Thomas Henderson and/or Robert Henderson of any sum in excess of their present salaries of \$135,000 per year and \$60,000 per year, respectively.

c. ABF shall maintain written records of all use of such proceeds and shall deliver same to Orient at the Foreclosure Date, together with all proceeds not used by ABF, hereunder. As used herein, the term Foreclosure Date shall mean the date the actual foreclosure sale occurs.

6. Waiver of Commercial Code Rights. (a) ABF acknowledges that it is represented by counsel and that such counsel has advised ABF of its rights under Commercial Code § 9504 and has further advised ABF of the consequences of a waiver thereof.

(b) With full knowledge of the consequences thereof ABF renounces, after default (pursuant to Commercial Code § 9504(3)) its right to notification of any sale Orient may hold in connection with Orient's exercise of any and all rights it may have to sell or otherwise dispose of the Orient Collateral pursuant to the Credit Agreement and the Security Agreements, whether by public or private sale.

7. Foreclosure Sale. Orient, as secured party, shall proceed to sale of the Orient Collateral pursuant to California Commercial Code § 9504, as modified in paragraph 6, above.

8. Waiver of Deficiency. So long as there is no default as described in Paragraph 20 hereof, Orient shall waive, whether or not Orient seeks approval of the proposed sale pursuant to California Commercial Code § 9507, any deficiency, after the proposed sale against ABF, Thomas Henderson, Robert Henderson, Karen Henderson and/or Lois Henderson.

9. Waiver of Surplus. ABF hereby waives any right to any surplus at any foreclosure sale and consents to the payment of any such surplus to the Bank of China to the extent necessary to satisfy any indebtedness of ABF to it and not otherwise.

10. Acceptance Subject To. If Orient purchases at auction the Orient Collateral under the provisions of paragraph 7, above, Orient will accept the assets "as is" and subject to the senior lien of Bank of China. Orient will use its best efforts to enter into an agreement with Bank of China assuming the obligations under the China Loan Agreement, and releasing the obligation of ABF under the China Loan Agreement and the guaranties of Thomas Henderson and Robert Henderson.

11. Lease of Space. So long as no event of default has occurred as defined in paragraph 20 below, Orient or an affiliate shall, upon becoming the successful bidder at the foreclosure sale described in paragraph 7 above, execute and be obligated under the terms of a lease for the 14th Street Property in substantially the form set forth in Exhibit A, attached hereto

12. Deed-in-Lieu. As long as ABF has not defaulted as described in paragraph 20 hereof, ABF shall deliver to Bank of Siam or its assignee a Deed-In-Lieu ("Deed-In-Lieu") of foreclosure on the Yuba City property, concurrently with the foreclosure sale described in paragraph 7, above, on condition that the Deed-in-Lieu is accepted by the Bank of Siam or, its assignee, in full and complete satisfaction of the obligations owing and that Thomas Henderson and Robert Henderson are released of further liability on their guaranties to such creditor. In the event Orient is not the successful bidder at the foreclosure sale described in paragraph 7 above ABF shall have no duty or obligation to deliver said Deed-In-Lieu.

13. Indemnification.

a. ABF, Thomas Henderson and Robert Henderson shall indemnify and hold harmless Orient, FPPI and Red Chamber from and against any and all liability, demands, claims, judgments, expenses, costs and attorney's fees arising directly or indirectly from any and all of the following:

(i) any damages arising from any breach of warranty made by any of them herein;

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(ii) any damages arising from any breach of this Agreement by any of them.

(iii) any liability for any act, occurrence or omission caused or committed by ABF, Thomas Henderson and/or Robert Henderson after the foreclosure sale described in paragraph 7, above.

b. Orient, FPPI and Red Chamber shall indemnify and hold harmless ABF, Thomas Henderson and Robert Henderson from and against all liability, demands, claims, judgments, expenses, costs and attorney's fees arising directly or indirectly from any and all of the following:

(i) any damages arising from any breach of warranty made by any of them herein;

(ii) any damages arising from any breach of this Agreement by any of them; and

(iii) any liability for any act, occurrence or omission caused or committed by Orient, FPPI and/or Red Chamber after the foreclosure sale as described in paragraph 7, above.

(iv) any liability, costs and/or expenses incurred by ABF, Thomas Henderson and/or Robert Henderson or demanded from any of them, from Bank of China or Bank of Siam, arising from or in connection with the China Loan Agreement or the Siam Loan Agreement, or any guaranty of said Loan Agreements.

14. Continued Operation. Provided that Orient continues to make further advances as described in Paragraph 4 above, ABF will take all reasonable steps to continue in operation and to maintain the value of the Orient Collateral pending the foreclosure sale as described in paragraph 7, above.

15. Information.

a. ABF shall deliver to Orient in a prompt and timely manner, in form and detail satisfactory to Orient, such information as is reasonably requested by Orient including but not limited to:

(i) within 7 business days at the end of each month, monthly cash flow statements describing actual cash flow by week for the month;

(ii) within 45 calendar days of the end of each month, monthly balance sheets;

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(iii) within 7 business days of the end of each week, aging reports of all accounts receivable and accounts payable; and

(iv) within 7 business days of the end of each week, evidence of each week's sales.

b. ABF shall permit periodic inspection by Orient of any items including, but not limited to ABF's books and records, at any time.

16. Orient Waiver of Rights. Except as stated otherwise herein, upon Orient or an affiliate becoming the successful bidder at the foreclosure sale described in paragraph 7, above, Orient, FPPI and Red Chamber (collectively the "Orient Releasing Parties") each waive and release any and all claims, defenses and offsets of any nature whatsoever (known or unknown) which each of them now has or might have) against (i) ABF, (ii) Thomas Henderson, (iii) Robert Henderson, and (iv) all of their past and present officers, directors, employees, agents, attorneys or representatives (collectively the "ABF Released Parties"). This waiver and release includes, but is not limited to, claims, defenses and offsets arising from or in any way related to the Credit Agreement, the China Loan Agreement, the Siam Loan Agreement, and all guarantees thereof.

The waiver and release contained herein shall not release the ABF Released Parties of liability for obligations arising under this Agreement or any agreements dated on or after the date of this Agreement.

Each of the Orient Releasing Parties understands (a) that it is possible that unknown losses or claims may exist or (b) that past known losses have been underestimated; nevertheless, each of the Orient Releasing Parties is taking this risk into account in determining the consideration it is to receive for this release through this Agreement. Consequently, each of the Orient Releasing Parties expressly waives all rights and benefits conferred by Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

17. ABF Waiver of Rights. Except as stated otherwise herein, upon Orient or an affiliate becoming the successful bidder at the foreclosure sale described in paragraph 7, above, ABF, Thomas Henderson and Robert Henderson (collectively the "ABF

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Releasing Parties") each waive and release any and all claims, defenses and offsets of any nature whatsoever (known or unknown) which each of them now has (or might have) against (i) Orient, (ii) Red Chamber, (iii) FPPI, and (iv) all of their past and present officers, directors, employees, agents, attorneys or representatives (collectively the "Orient Released Parties"). This waiver and release includes, but is not limited to, claims, defenses and offsets arising from or in any way related to the Credit Agreement, the China Loan Agreement, the Siam Loan Agreement, and all guarantees thereof.

The waiver and release contained herein shall not release the Orient Released Parties of liability for obligations arising under this Agreement or any agreements dated on or after the date of this Agreement.

Each of the ABF Releasing Parties understands (a) that it is possible that unknown losses or claims may exist or (b) that past known losses have been underestimated; nevertheless, each of the ABF Releasing Parties is taking this risk into account in determining the consideration it is to receive for this release through this Agreement. Consequently, each of the ABF Releasing Parties expressly waives all rights and benefits conferred by Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

18. Representations and Warranties.

a. Each of the parties hereto warrants and represents to the other parties hereto as follows:

(i) the execution, delivery and performance of this Agreement and of any instrument or agreement required by this Agreement are within the powers of FPPI, Red Chamber, Orient and ABF, have been duly authorized, and are not in conflict with the terms of any charter, by-laws or other organization papers of such entity.

(ii) no promise, inducement or agreement not expressed herein has been made to any of the Orient Releasing Parties or any of the ABF Releasing Parties in connection with the release in paragraphs 16 and 17, above.

(iii) ABF makes no representation or warranty or guaranty regarding the collectibility of any account

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receivable or the value to be received from any of the Orient Collateral.

b. ABF, Thomas Henderson and Robert Henderson each warrant and represent to Orient, FPPI and Red Chamber (collectively, sometimes "Litigation Warrantees") as follows:

(i) attached hereto and marked Exhibit "B" is a certified or other copy or compilation of every procedural act or occurrence in the Kartika Litigation and Citibank Litigation as provided by the apposite Court. To the best knowledge of ABF, Thomas Henderson and/or Robert Henderson (collectively sometimes "Litigation Warrantors"), Exhibit "B" is a true, correct and accurate and complete copy or compilation. To the best knowledge of the Litigation Warrantors, there are no other actions, proceedings or suits pending or threatened against Litigation Warrantors, other than the Kartika Litigation, Citibank Litigation or any other item listed on Exhibit "B".

(ii) all accounts receivable of ABF and the documents supporting same are due, owing, unpaid, legitimate and are the genuine debt of the account debtor therein and reflect a bona fide sale thereby.

c. Orient, FPPI and Red Chamber represent that Orient has received an absolute assignment of the rights of FPPI and Red Chamber under the Credit Agreement and has the authority to modify all rights under the Credit Agreement.

19. Covenants. ABF covenants and agrees:

a. ABF will promptly give written notice to Orient of the filing of any lawsuit or entry of any judgment against ABF.

b. ABF shall cause all financial information as submitted to Orient by, or on behalf of ABF, to be true and correct in all material respects and complete to the extent necessary to give Orient a true and accurate knowledge of the subject matter to the best of ABF's knowledge, information and belief.

c. Until the foreclosure sale as set forth in paragraph 7, ABF shall maintain and keep in force in adequate amount (i) fire and other casualty insurance on all of ABF's assets, and (ii) such other insurance as is usual for the business conducted by ABF and deliver to Orient photocopies of each policy of such insurance as reasonably requested by Orient from time-to-time or, in the alternative, if ABF cannot so deliver, to consent to the release of such policy of insurance from any of ABF's present or past insurers.

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d. ABF will maintain adequate books, accounts and records in connection with its business (including without limitation its accounts receivable and inventory). ABF will maintain all books, records and accounts and will prepare all financial statements required hereunder in accordance with generally accepted accounting principles and practices consistently applied, and in substantial compliance with the regulations of any governmental regulatory body having jurisdiction over ABF or ABF's business.

20. Default. In the event of any default of ABF, any or all obligations of Orient hereunder at Orient's sole and exclusive option shall cease and be terminated without any notice to ABF.

As used herein the term "default" shall include all of the following events:

a. The failure of ABF to timely perform any obligation hereunder;

b. The failure of ABF, to the best of its knowledge to accurately and truthfully disclose in all material respects all information requested herein;

c. The existence of any voluntary lien having priority over Orient not disclosed herein except any unpaid real property taxes.

21. Advice of Attorney. Each of the parties hereto expressly declares that it knows and understands the contents of this Agreement and has consulted with its attorney regarding the form and content of this Agreement.

22. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

23. No Waiver. No consent or waiver under this Agreement shall be effective unless made in writing and signed by the party consenting or waiving. No waiver of any breach or default shall be deemed a waiver of any breach or default thereafter occurring.

24. Controlling Law. This Agreement and any instrument or agreement executed in connection with this Agreement shall be governed by and construed under the laws of the State of California.

25. Attorneys' Fees. In the event of any action to enforce this Agreement or any instrument or agreement required by this Agreement, the prevailing party shall be entitled to payment for

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all expenses incurred including, but not limited to, reasonable attorneys' fees and costs in such enforcement.

26. Severability. In the event that any provision, or portions thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

27. Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

28. Captions. The captions contained in this Agreement are for the convenience of the parties and shall not be deemed or construed as in any way limiting or extending the language of the provisions to which said captions may refer.

29. Notices. All notices, demands, or requests from one part to another shall, unless otherwise specified herein, be delivered personally or sent by U.S. mail, certified or registered, return receipt requested, to the persons and addresses identified below. Any such notice, demand or request shall be deemed to have been received when personally delivered or five (5) days after mailing in the manner set forth above, or at such other address as such party may designate by ten (10) days' advance written notice to the other party pursuant to this paragraph.

Orient:  
Orient Fisheries, Inc.  
1912 East Vernon Avenue, Suite 110  
Vernon, California 90058  
Facsimile: (213) 231-0089

ABF:  
Avalon Bay Foods, Inc.  
3954 South Peardale Drive  
Lafayette, California 94549

Red Chamber:  
Red Chamber Co.  
1530 South Compton Avenue  
Los Angeles, California 90021  
Facsimile: (213) 231-0538

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FPPI:  
Neptune Foods  
4510 South Alameda  
Los Angeles, California 90058  
Facsimile: (213) 232-8833

Thomas Henderson  
3954 South Peardale Drive  
Lafayette, CA 94549

Robert Henderson  
1511 Nadean Drive  
Yuba City, California 95911

30. Controlling Provisions. In the event of any conflict between the terms, conditions and provisions of this Agreement and those of the Credit Agreement, the terms, conditions and provisions of this Agreement shall prevail.

31. No Other Beneficiaries. Nothing contained in this Agreement is intended, nor shall it be construed or deemed, to confer any rights, powers or privileges on any person, firm, partnership, corporation or other entity who or which is not an express party herein or a successor-in-interest to any party hereto.

32. Neutral Construction. Each of the parties hereto has been involved in the negotiation, review and execution of this Agreement; and each has had the opportunity to receive independent legal advice from attorneys of its choice with respect to the advisability of making and executing this Agreement. In the event of any dispute or controversy regarding this Agreement, the parties hereto shall be considered to be the joint authors of this Agreement and no provision of this Agreement shall be interpreted against as party hereto because of authorship.

33. Continuation of Representations and Warranties. Through the date of sale the Litigation Warrantors shall have a continuing duty and responsibility to notify Orient in writing of any new material fact or information within five days of learning same not disclosed in Paragraph 18b as the representations and warranties contained therein are continuing.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ORIENT FISHERIES, INC.

By [Signature]  
Its: Off.

RED CHAMBER CO.

By [Signature]  
Its: VICE PRESIDENT

FISHERMAN'S PRIDE PROCESSORS, INC.

By [Signature]  
Its: president

AVALON BAY FOODS, INC.

By \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
THOMAS HENDERSON

\_\_\_\_\_  
ROBERT HENDERSON

\_\_\_\_\_  
LOIS HENDERSON

\_\_\_\_\_  
KAREN HENDERSON

TRADEMARK

REEL 1134 FRAME 292

TRADEMARK

REEL 1114 FRAME 385

SULLIVAN, WALSH, ETAL

Aug 12.93 10:30 P.16

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ORIENT FISHERIES, INC.

AVALON BAY FOODS, INC.

By \_\_\_\_\_  
Its:

By Thomas Henderson  
Its: President

RSD CHAMBER CO.

Thomas Henderson  
THOMAS HENDERSON

By \_\_\_\_\_  
Its:

FISHERMAN'S PRIDE PROCESSORS, INC.

Robert D. Henderson  
ROBERT HENDERSON

By \_\_\_\_\_  
Its:

\_\_\_\_\_  
LOIS HENDERSON

\_\_\_\_\_  
KAREN HENDERSON

TRADEMARK

REEL 114 FRAME 386

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REEL 1134 FRAME 293

1. DEBTOR (LAST NAME FIRST, IF AN INDIVIDUAL) <b>Avalon Bay Foods, Inc.</b>		1A. SOCIAL SECURITY OR FEDERAL TAX NO. <b>94-2263085</b>
1B. MAILING ADDRESS <b>222 - 14th Street</b>		1C. CITY STATE <b>Oakland, CA</b>
		1D. ZIP CODE <b>94612</b>

2. ADDITIONAL DEBTOR (IF ANY) (LAST NAME FIRST, IF AN INDIVIDUAL)	2A. SOCIAL SECURITY OR FEDERAL TAX NO.
2B. MAILING ADDRESS	2C. CITY STATE
	2D. ZIP CODE

3. DEBTOR'S TRADE NAMES OR STYLES (IF ANY)	3A. FEDERAL TAX NUMBER
--	------------------------

4. SECURED PARTY NAME <b>Orient Fisheries, Inc.</b>	4A. SOCIAL SECURITY NO., FEDERAL TAX NO. OR BANK TRANSIT AND A.B.A. NO. <b>95-3944299</b>
MAILING ADDRESS <b>13200 Crossway Parkway North Suite 240</b>	
CITY <b>Industry</b> STATE <b>California</b> ZIP CODE	

5. ASSIGNEE OF SECURED PARTY (IF ANY) NAME	5A. SOCIAL SECURITY NO., FEDERAL TAX NO. OR BANK TRANSIT AND A.B.A. NO.
MAILING ADDRESS	
CITY STATE ZIP CODE	

6. This FINANCING STATEMENT covers the following types or items of property (include description of real property on which located and owner of record when required by instruction 4).  
 All inventory (including without limitation raw materials, work in progress & finished goods), goods, machinery, equipment, fixtures, furniture, furnishings, documents, notes, drafts, instruments, general intangibles, accounts, chattel paper, security agreements, & debts secured thereby, returned goods, money, deposit accounts, patents, copyrights, trademarks, tradenames, whether now owned or hereafter acquired, wherever situated, including all substitutions, accretions, components, replacements, thereof and additions thereto, and the proceeds and products of all of the foregoing, including without limitation insurance proceeds and other intangible or tangible property received upon sale, exchange, collection or other disposition of the foregoing, and all books & records and the equipment containing such books and records. Located at the above address or 300 Epley Dr., Yuba City, CA 95991 or elsewhere.

7. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	7A. PRODUCTS OF COLLATERAL ARE ALSO COVERED <input checked="" type="checkbox"/>	7B. DEBTOR(S) SIGNATURE NOT REQUIRED IN ACCORDANCE WITH INSTRUCTION 5(A) ITEM: <input type="checkbox"/> (1) <input type="checkbox"/> (2) <input type="checkbox"/> (3) <input type="checkbox"/> (4)
--	---	---

8. CHECK IF APPLICABLE <input checked="" type="checkbox"/>	<input type="checkbox"/> DEBTOR IS A "TRANSMITTING UTILITY" IN ACCORDANCE WITH UCC § 9106(1)(B)
--	---

9. SIGNATURE(S) OF DEBTOR(S) <i>Thomas M. Henderson</i>	DATE <b>8/14/92</b>
--	------------------------

**Thomas M. Henderson, President**

SIGNATURE(S) OF SECURED PARTY(S) <i>[Signature]</i>	DATE <b>8-14-92</b>
--	------------------------

TYPE OR PRINT NAME(S) OF SECURED PARTY(S)

11. Return copy to: NAME <b>David L. Prince</b>	
ADDRESS <b>1912 East Vernon Ave., #100</b>	
CITY <b>Los Angeles, CA 90058</b>	
STATE	
ZIP CODE	

(2) FILING OFFICE COPY - ACKNOWLEDGMENT FORM UCC-1 Approved by the Secretary of State

10. THIS SPACE FOR USE OF FILING OFFICER (DATE, TIME, FILE NUMBER AND FILING OFFICER) <b>205 MS 09/25/92 5 PM 5.00</b>
FILED SACRAMENTO, CALIFORNIA <b>SEP 22 06 00</b> <i>[Signature]</i>
92208188 REEL 114 FRAME 387

RECIFORM 55001

Poly Pak (50 sets) 5P001

1 SULLIVAN, WALSH & WOOD  
2 MARTIN J. SPEAR, STATE BAR NO. 48718  
3 Biltmore Tower, Suite 1800  
4 500 South Grand Avenue  
5 Los Angeles, California 90071  
6 (213) 488-9200

7 Attorneys for Petitioner  
8 Orient Fisheries, Inc.

ORIGINAL FILED

SEP 24 1993

LOS ANGELES  
SUPERIOR COURT

TRADEMARK

REEL 1134 FRAME 295

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 FOR THE COUNTY OF LOS ANGELES

11 IN THE MATTER OF )  
12 ORIENT FISHERIES, INC., a )  
13 California Corporation, )  
14 Petitioner and Secured Party, )  
15 and )  
16 AVALON BAY FOODS, INC., a )  
17 California Corporation )  
18 Respondent and Debtor. )

Case No. BS 024 762

~~FOR~~ ORDER

Hearing  
Date: September 24, 1993  
Time: 9:30 a.m.  
Dept: 86  
Discovery  
Cut-Off: None  
Motion  
Cut-Off: None  
Trial  
Date: None

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REEL 114 FRAME 388

19  
20 The within Petition came on regularly for hearing on  
21 September 24, 1993 at 9:30 a.m. in Department 86 of the Los  
22 Angeles Superior Court, located at 111 North Hill Street, Los  
23 Angeles, California 90012, the Honorable Diane Wayne, Judge  
24 Presiding.

25 Petitioner appeared by and through its attorneys of  
26 record, Sullivan, Walsh & Wood, by Martin J. Spear; Respondent  
27 and Debtor Avalon Bay Foods, Inc., a California Corporation,  
28 filed with this Court a pleading entitled Statement of Avalon Bay

1 Foods, Inc. in Response to Petition of Orient Fisheries, Inc. To  
2 Confirm And Approve As Commercially Reasonable Disposition Of  
3 Collateral By Secured Party After Debtor's Default [Commercial  
4 Code § 9507(2)] stating that it would not appear at the hearing  
5 to object to the Petition.

6 No written opposition has been filed in a timely  
7 manner.

8 Upon reading and considering the Petition of Orient  
9 Fisheries, Inc., this Court finds that Petitioner is proposing to  
10 dispose of its collateral security owned by Respondent in which  
11 Petitioner has a valid perfected security interest by public sale  
12 by and through Jack Rouse & Son, Licensed Auctioneers, on  
13 September 10, 1993 and, in connection therewith, Petitioner has  
14 undertaken the following steps toward such sale:

15 1. Petitioner and Respondent have entered into a  
16 written Credit Modification, Termination and Foreclosure  
17 Agreement in which Respondent admits the existence of a valid and  
18 perfected security interest in favor of Petitioner to secure  
19 obligations to Petitioner in the sum of \$4,605,472.86 as of the  
20 date of that Agreement and that Respondent has defaulted in such  
21 obligations to Petitioner. Further, Respondent has waived its  
22 rights in said Agreement after such default to all notices  
23 otherwise required by California's Commercial Code § 9504.

24 2. Petitioner has retained the services of Jack Rouse  
25 & Son, a licensed auctioneer which has had more than 30 years  
26 experience in conducting foreclosure sales of the type proposed  
27 herein; and

28

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REEL 134 FRAME 296

REEL 114 FRAME 389

1           3.    Such licensed auctioneer has retained the services  
2 of Paul & Baum, Inc., an advertising firm in the Los Angeles area  
3 that has been involved in the advertising business for more than  
4 30 years. In connection with such public auction, Paul & Baum  
5 has, on August 24, 1993, entered into the following advertising  
6 campaign to sell the collateral owned by Respondent:

7                   (a) a direct mail program, first-class United  
8 States mail, postage prepaid, to 3,464 food processing operations  
9 located throughout the United States;

10                   (b) a newspaper advertising program with all  
11 publications having occurred on August 24, 1993 in the following  
12 newspapers:

- 13                   (i) Wall Street Journal, all four regional  
14                   editions;  
15                   (ii) Asian Wall Street Journal;  
16                   (iii) San Francisco Chronicle & Examiner;  
17                   (iv) San Francisco Bee;  
18                   (v) Marysville-Yuba City Appeal Democrat;  
19                   (vi) Los Angeles Times.

20           4.    The plant and all of the personal property be-  
21 auctioned was made available for inspection from 9:00 a.m.  
22 4:00 p.m. on Friday, September 3, 1993 and will again be made  
23 available on September 10, 1993 from 9:00 a.m. to 11:30 a.m.

24           5.    In response to the advertising campaign, at least  
25 33 prospective purchasers contacted the auctioneer and were given  
26 further details requested with regard to the auction.

27           6.    The advertising brochure sent by mail gave  
28 complete directions to the location of the plant where the

1 property is to be auctioned and the location where this property  
2 was available for inspection, together with complete directions  
3 to the place of auction.

4 7. The place of auction is at the business offices of  
5 First American Title Insurance Company, located 1103 Butte House  
6 Road, Yuba City, California, which is in the same city as the  
7 plant at which the property to be auctioned is located.

8 8. The licensed auctioneer, William Rouse of William  
9 Rouse & Son, has offered a Declaration, under penalty of perjury,  
10 that the proposed method of sale is commercially reasonable.

11 Based upon the above findings, it is hereby ORDERED,  
12 adjudged and decreed, pursuant to the authority granted to this  
13 Court as provided in Commercial Code § 9507(2), the Court finds  
14 that the proposed method of public sale described above is  
15 commercially reasonable.

16 DATED: SEP 24 1938

DIANE WAYNE

\_\_\_\_\_  
Diane Wayne  
Judge of the Superior Court

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REEL 1134 FRAME 298

REEL 1114 FRAME 391



REEL 10118 FRAME 099

**PROOF OF SERVICE**  
(1013a, 2015.5 C.C.P.)

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STATE OF CALIFORNIA )  
                                  ) ss.  
COUNTY OF LOS ANGELES )

I am employed in the County of Los Angeles, State of California.

I am over the age of 18 and not a party to the within action. My business address is: Biltmore Tower, 18th Floor, 500 South Grand Avenue, Los Angeles, California, 90071.


On September 24, 1993, I served the foregoing document described as NOTICE OF RULING ON PETITION OF ORIENT FISHERIES, INC. TO CONFIRM AND APPROVE AS COMMERCIALY REASONABLE DISPOSITION OF COLLATERAL BY SECURED PARTY AFTER DEBTOR'S DEFAULT on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

**SEE ATTACHED LIST**

[ X ] I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Los Angeles, California. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California, in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

[ X ] I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on September 24, 1993, at Los Angeles, California.

  
Cindy Kado

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REEL 10118 FRAME 092

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Citibank N.A.  
Jl. Jend. Sudirman No. 1  
P.O. Boc 2463  
Jakarta 12910 Indonesia  
Attn: Anthony Elam

Tom Henderson  
Avalon Bay Foods, Inc.  
222 14th Street  
Oakland, California 94612

Michael F. McCabe, Esq.  
Jackson, Tufts, Cole & Black  
650 California Street  
San Francisco, California 94108

James Goldberg, Esq.  
Folger & Levin  
275 Battery Street  
23rd Floor  
San Francisco, California 94111

Douglas D. Mancill, Esq.  
Graham & James  
One Maritime Plaza  
Suite 300  
San Francisco, California 94111  
(415) 954-0200

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REEL 134 FRAME 300

REEL 114 FRAME 393

OCT 05 1993

FILED

1 SULLIVAN, WALSH & WOOD  
 2 MARTIN J. SPEAR, STATE BAR NO.: 48718  
 3 Biltmore Tower, 18th Floor  
 4 500 South Grand Avenue  
 5 Los Angeles, California 90071  
 6 (213) 488-9200

SEP 23 1993  
 BANKRUPTCY COURT  
 OAKLAND, CALIFORNIA

5 Attorneys for Movant, ORIENT FISHERIES, INC.

8 UNITED STATES BANKRUPTCY COURT  
 9 NORTHERN DISTRICT OF CALIFORNIA

11 In re )  
 12 AVALON BAY FOODS, INC., )  
 18 Tax I.D. No.: 94-2263005 )  
 14 Debtor. )

CASE NO.: 93 46371 IT  
 PROPOSED ORDER GRANTING  
 RELIEF FROM AUTOMATIC STAY  
 DATE: September 23, 1993  
 TIME: 2:30 p.m.  
 COURTROOM: 301  
 R.S. NO.: 93 2072  
 CHAPTER 11 (Involuntary)  
 Filing Date: September 8, 1993

15 ORIENT FISHERIES, INC., )  
 16 Movant, )  
 17 vs. )  
 18 AVALON BAY FOODS, INC., )  
 19 Respondent. )  
 20

21 The motion of Movant, ORIENT FISHERIES, INC., (Orient) came  
 22 on for hearing via telephonic conference on September 23, 1993 at  
 23 3:30 p.m.. Orient appeared by its attorneys of record, Sullivan  
 24 Walsh & Wood, by Martin J. Spear and by David L. Prince. Debtor  
 25 appeared by its attorney of record, Jackson, Tufts, Cole & Black  
 26 by Peter S. Munoz and Lynn M. McLean. Petitioner, CITIBANK, N.A.

27 PROPOSED ORDER GRANTING  
28 RELIEF FROM AUTOMATIC STAY

REEL 114 FRAME 394  
 REEL 134 FRAME 301  
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1 and P.T. CITICORP FINANCE INDONESIA (Petitioner), appeared by its  
2 attorney of record, Folger & Levine by James Goldberg, Robert  
3 McCoy and Roger Mead.

4 The Court previously heard arguments via telephone conference  
5 on September 21, 1993 at 4:30 p.m. with all the above referenced  
6 counsel appearing.

7 The Court issued a tentative ruling at the end of the  
8 September 22, 1993 telephonic conference and allowed Petitioner up  
9 to and including 3:30 p.m. on September 23, 1993 to supplement its  
10 opposition, if any, to Orient's Motion for Relief from Automatic  
11 Stay.

12 The Court, after having heard all oral arguments, and having  
13 opportunity to review the moving papers of Orient as well as  
14 Debtor's Answer and Counterclaim to the Involuntary Petition with  
15 supporting documents, and good cause thereby appearing,

16 IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

17 The motion is granted in the following particulars:

18 1. Orient is granted relief from the Automatic Stay imposed  
19 pursuant to 11 U.S.C. §362 to proceed with a foreclosure of  
20 personal property of Debtor set for auction at 1103 Butte House  
21 Road, Yuba City, California at 12:00 p.m. on Friday, September 24,  
22 1993.

23 2. Orient may do all acts necessary and proper to complete  
24 said auction sale, including but not limited to, the employing and  
25 instructing of Jack Rouse & Sons, California Auctioneer License  
26 No.: 359 for the purpose of completing the auction sale and

27 PROPOSED ORDER GRANTING  
28 RELIEF FROM AUTOMATIC STAY

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1 participating in the hearing in the Los Angeles Superior Court  
2 entitled In re the Matter of Orient Fisheries, Inc., etc. and  
3 Avalon Bay Foods, Inc., Case No.: BS024762.

4 3. Orient may perform any and all acts necessary by it or  
5 perform any duty imposed on it pursuant to that certain Credit  
6 Modification, Termination and Foreclosure Agreement (Agreement)  
7 entered into as of August 12, 1993 by and among Orient, Debtor and  
8 others.

9 4. The auction sale shall proceed as set forth in the  
10 agreement on the following limiting terms:

11 a. If the sale is completed for a cash price to  
12 any entity other than Orient, then all cash proceeds shall be held  
13 in escrow in a client trust account of David L. Prince, Esq..  
14 Said cash proceeds shall remain in trust and shall not be  
15 disbursed to any entity pending further Order of this Court or,  
16 upon dismissal of the involuntary petition, whichever occurs  
17 first;

18 b. If the auction sale is made to a third party  
19 other than Orient, and thereby requiring the funds to be held in  
20 escrow in the client trust account of David L. Prince, then the  
21 secured lien of both Bank of China and Orient shall attach to said  
22 cash proceeds in the same order and priorities as were previously  
23 filed and perfected against the collateral sold at the auction  
24 sale. Neither Bank of China nor Orient shall be required to take  
25 any further steps or action in which to perfect its security  
26 interest in the proceeds in the same priorities as they were prior

27 PROPOSED ORDER GRANTING  
28 RELIEF FROM AUTOMATIC STAY

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REEL 114 FRAME 396

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REEL 134 FRAME 304

1 to the auction sale;

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2 c. In the event that Orient is the successful  
3 bidder, then Orient shall not transfer, sell, dispose, encumber,  
4 or otherwise hypothecate any of the assets purchased at the  
5 auction sale other than any sale, transfer, or encumbrance in the  
6 ordinary course of Orient's business without further Order of this  
7 Court or, upon dismissal of the involuntary petition, whichever  
8 occurs first;

9 5. Debtor may do all acts necessary and proper and perform  
10 any duty obligated of it pursuant to the Agreement not otherwise  
11 inconsistent with this Order.

12 6. The Court finds that notice of the hearing on the motion  
13 has been duly given as required by law in accordance with the  
14 Order Shortening Time filed on September 17, 1993 that the holding  
15 of the hearing on the Motion on shortened time was mandated by the  
16 timing of the auction sale and the irreparable harm that may  
17 result to the Estate if the motion was not heard on such shortened  
18 time. That the relief from the automatic stay is in the best  
19 interest of the Creditors and the Estate.

20 Dated: *September 23, 1993*

*Leslie Tchirikovsky*  
LESLIE TCHAIKOVSKY,  
United States Bankruptcy Judge

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REEL 114 FRAME 397

SECURITY AGREEMENT

This Security Agreement dated as of August 14, 1992 is entered into by and between ORIENT FISHERIES, INC., a California corporation ("Secured Party"), and AVALON BAY FOODS, INC., a California corporation ("Debtor"). In order to induce Secured Party to extend credit and in consideration thereof, Debtor agrees as follows:

1. Assignment and Creation of Security Interest. To secure the payment of invoices, accounts or other obligations, and all other debts, liabilities and obligations of any kind or nature, now existing or hereafter arising, owed by Debtor to Secured Party, whether arising under or relating to any agreement, instrument or document or made or delivered in connection herewith, or any other loan, extension of credit or financial accommodation made by Secured Party to or for the benefit of Debtor, including any and all renewals and extensions of any of the foregoing (all of the foregoing are referred to collectively as the "Secured Obligations"), Debtor hereby assigns to Secured Party and grants Secured Party a security interest in and to, pursuant to the California Uniform Commercial Code, all of Debtor's inventory (including without limitation raw materials, work in process and finished goods), goods, machinery, equipment, fixtures, furniture, furnishings, documents, notes, drafts, instruments, general intangibles, accounts, chattel paper, security agreements and debts secured thereby, returned goods, money, deposit accounts, patents, patent applications, copyrights, copyright applications, trademarks and trade names, in each case whether now owned or hereafter arising or acquired by Debtor, wherever situated, including all substitutions, accretions, components, parts, replacements thereof and additions thereto, and the proceeds and products of all of the foregoing, including without limitation insurance proceeds and other tangible or intangible property received upon the sale, exchange, collection or other disposition of the foregoing, and all books and records pertaining to the foregoing and the equipment containing such books and records, but expressly excluding any real property or interest therein (collectively, the "Collateral").

2. Collateral Schedule. At such time and from time to time as may be requested by Secured Party, Debtor shall execute and deliver to Secured Party a schedule of Collateral, in form satisfactory to Secured Party, describing all Collateral of Debtor as to which Secured Party has requested information.

3. Default, Acceleration and Rights on Default. If Debtor defaults in the performance of any provisions of this Agreement or if an Event of Default should occur under any agreement, then all

Security Agreement

REEL 1134 FRAME 305

REEL 1114 FRAME 398

obligations secured by this Agreement shall become due and payable and Secured Party may, at its sole option, without demand and upon such notice as may be required by law, do any one or more of the following:

(a) Require Debtor to assemble the Collateral and make it available to Secured Party at a place designated by Secured Party;

(b) Enter upon the premises where Collateral is located, or any other place where the Collateral is believed to be located and take possession and remove the Collateral therefrom in order to effectively collect or liquidate the Collateral, through self help and without judicial process or giving Debtor notice and opportunity for a hearing on the validity of Secured Party's claim and without any obligation to pay rent, and Secured Party waives all claims to damages due to or arising from and connected with any such taking;

(c) Use, process or operate Collateral or any part thereof to the extent Secured Party deems appropriate for the purposes of preserving Collateral or its value or for any other purpose deemed appropriate by Secured Party, until Secured Party is able to effectuate a sale, lease or other disposition of Collateral;

(d) Proceed in the foreclosure of this Agreement and sell or otherwise dispose of all Collateral in any manner permitted by law;

(e) Sell, lease or otherwise dispose of all or any Collateral, in its then existing condition or after any further processing thereof, at public or, if permitted by law, private sale or sales with or without having the Collateral at the place of sale, and upon terms and in such manner as Secured Party may determine; and

(f) Seek, if Secured Party so elects, the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Secured Party's remedies, without giving Secured Party notice or opportunity for a hearing thereon;

Secured Party may purchase all or any of the Collateral, at any public, or if permitted by law, private sale, and in lieu of actual payment of such purchase price may set off the amount of the Secured Obligations whether or not such Secured Obligations are matured. Any sale may be adjourned and continued from time to time with or without notice. Such sales may be conducted at Debtor's premises, without charge or rent, or elsewhere at Secured Party's

Security Agreement

REEL 134 FRAME 06

REEL 114 FRAME 99



election.

Prior to any sale, Secured Party may at its option prepare, assemble, process, repair or recondition the Collateral for sale, lease or other disposition to such extent as Secured Party may deem advisable and any sums expended therefor by Secured Party shall be repaid by Debtor and secured by the Collateral. To the extent necessary or desirable to enable Secured Party to dispose of Collateral after an Event of Default, Secured Party is hereby granted a license or other right to use Debtor's labels, copyrights, rights to use of any name, trade secrets, trade names, trademarks and advertising matter.

Debtor agrees that any sale of Collateral conducted in accordance with these provisions shall be deemed a commercially reasonable sale under §9504 of the California Uniform Commercial Code.

Demand, presentment, protest and notice of nonpayment are hereby waived by the Debtor.

The net proceeds of any sale of Collateral shall be applied against the costs and charges incurred by the Secured Party in the enforcement of its rights hereunder (including actual legal fees and expenses), and then to any other Secured Obligations owed by Debtor to Secured Party, in such order as Secured Party, in its sole and absolute discretion, shall determine. Debtor shall forthwith pay to Secured Party any deficiency upon demand and shall be entitled to any surplus resulting from any sale following payment in full of all Secured Obligations.

In addition to any other rights and remedies contained herein, Secured Party shall have all the rights and remedies of a secured party under the California Uniform Commercial Code or other applicable laws. Secured Party shall have the right to enforce one or any remedies hereunder, successively or concurrently, and any such action shall not stop or prevent Secured Party from pursuing any further remedy which it may have hereunder or by law.

4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties.

5. Governing Law. This Agreement is being delivered in the State of California and shall be construed in accordance with and governed by the laws of such state.

9. Waiver. Secured Party's failure, at any time or times hereafter, to require strict performance by the Debtor of any

Security Agreement

REEL 1114 FRAME 00

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REEL 134 FRAME 307

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provision of this Agreement shall not waive, affect or diminish any right of Secured Party thereafter to demand strict compliance and performance therewith.

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

**ORIENT FISHERIES, INC.**

By: *Ming Shin Kou*  
By: Ming Shin Kou  
Its: Vice President

**AVALON BAY FOODS, INC.**

*Thomas M. Henderson*  
By: Thomas M. Henderson  
Its: President

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TRADEMARK

REEL 1114 FRAME 08  
REEL 1134 FRAME 308

APR 20 94

RECORDED  
PATENT AND TRADEMARK  
OFFICE

Security Agreement

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PATENT AND TRADEMARK  
OFFICE

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