



101793890

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof

1. Name of Conveying Part(ies): 07/23/01
 McZand Herbal, Inc.
 1722 14th Street, Suite 230
 Boulder, CO 80302

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

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

2. Name and address of receiving party(ies):
 Name: Botanical Laboratories, Inc.
 Internal Address: _____
 Street Address: 1441 W. Smith Road
 City: Ferndale State: WA Zip: 98248

Individual(s) citizenship _____
 Association _____
 General Partnership JUL 23 2001
 Limited Partnership _____
 Corporation-State Washington
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No

(Designations must be a separate document from Assignment)
 Additional names(s) & address(es) attached: Yes No

3. Nature of conveyance:
 Assignment Security Agreement
 Merger Change of Name
 Other _____

Execution Date: May 10, 2000

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s):
 Additional numbers attached: Yes No

B. Trademark Registration No.(s)
2,280,608
1,756,390
 Additional numbers attached: Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: George G. Grigel
 Internal Address:
Wells, St. John, Roberts, Gregory & Matkin,
P.S.
 Street Address: 601 West First Avenue,
Suite 1300
 City: Spokane State: WA Zip: 99201-3828

6. Total number of applications and registrations involved. 2

7. Total fee (37 CFR 3.41). \$ 65.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number
23-0925
 (Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

George G. Grigel
 Name of Person Signing

Signature

July 17, 2001
 Date

..... TOTAL NUMBER OF PAGES INCLUDING COVER SHEET, ATTACHMENTS AND DOCUMENT: 19

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COPY

AGREEMENT OF PURCHASE AND SALE

Dated as of May 10, 2000

among

MCZAND HERBAL, INC.

and

CERTAIN SHAREHOLDERS OF
MCZAND HERBAL, INC.

and

BOTANICAL LABORATORIES, INC.



DOCSSF1:435611.9

TRADEMARK
REEL: 002336 FRAME: 0689

TABLE OF CONTENTS

Page

ARTICLE I	Sale of Assets and Assumption of Liabilities	1
SECTION 1.01.	Sale of Assets	1
(a)	Purchased Assets	1
SECTION 1.02.	Excluded Assets	2
SECTION 1.03.	Assumption of Liabilities.....	2
(a)	Assumed Liabilities	2
(b)	Excluded Liabilities	3
SECTION 1.04.	Closing	4
(a)	Seller Deliveries.....	4
(b)	Buyer Deliveries	6
SECTION 1.05.	The Purchase Price.....	7
(a)	Determination of Purchase Price	7
(b)	Payment of Purchase Price.....	7
(c)	Adjustment.....	7
(d)	Disposition of Closing Payment	8
SECTION 1.06.	Noncompete Payments.....	8
SECTION 1.07.	Physical Inventory	8
SECTION 1.08.	Allocation of Purchase Price.....	9
SECTION 1.09.	Further Cooperation	9
ARTICLE II	Representations and Warranties.....	9
SECTION 2.01.	Representations and Warranties of Seller and the Shareholders.....	9
(a)	Organization.....	9
(b)	Authority To Do Business	9
(c)	Binding Obligation.....	9
(d)	Purchased Assets.....	10
(e)	Updated Trade Creditor List	10
(f)	Inventories.....	10
(g)	Accounts Receivable.....	11
(h)	Financial Statements	11
(i)	Real Property Lease.	11
(j)	Title to Assets	12



TABLE OF CONTENTS
(continued)

	<u>Page</u>
(k) Contracts	12
(l) Litigation	13
(m) Licenses	13
(n) Employee and Related Matters	14
(o) Absence of Changes or Events	14
(p) Compliance with Laws	15
(q) No Broker's or Finder's Fees	16
(r) Employee Benefit Plans	16
(s) Customers	16
(t) Condition of Equipment	16
↓ (u) Trademarks and Other Intellectual Property	16
(w) Taxes	17
(x) Other Activities of the Shareholders	17
(y) Related Party Transactions	17
(z) Employee Terminations	18
(aa) The Shareholder List	18
(bb) No Undisclosed Liabilities	18
(cc) Disclosure	18
(dd) Financial Condition	19
SECTION 2.02. Representations and Warranties of Buyer	19
(a) Organization	19
(b) Binding Obligation	19
(c) No Broker's or Finder's Fees	20
(d) Financing	20
(e) Litigation	20
(f) Disclosure	20
ARTICLE III Covenants Relating to Conduct of Business	20
SECTION 3.01. Covenants of Seller	20
(a) No Other Bids	21
(b) Ordinary Course	21
(c) Supplemental Disclosure	23



TABLE OF CONTENTS
(continued)

	<u>Page</u>
(d) Best Efforts	24
ARTICLE IV Additional Agreements	24
SECTION 4.01. Access to Information	24
SECTION 4.02. Legal Conditions	25
SECTION 4.03. Expenses	25
SECTION 4.04. Additional Actions	25
SECTION 4.05. Press Releases	26
SECTION 4.06. Accounts Receivable	26
(a) Obligations of Buyer	26
(b) Settlement of Accounts Receivable	26
SECTION 4.07. Name	27
SECTION 4.08. Release from Nature's Apothecary, Inc.	28
SECTION 4.09. Herbs for Kids Manufacture.	29
SECTION 4.10. Due Diligence Materials	29
SECTION 4.11. Certain Definitions	29
ARTICLE V Conditions Precedent	30
SECTION 5.01. Conditions to Each Party's Obligation	30
(a) Approvals	30
(b) Legal Action	30
(c) Statutes	30
SECTION 5.02. Conditions of Obligations of Buyer	30
(a) Representations and Warranties	30
(b) Performance of Obligations of the Shareholders	31
(c) No Material Adverse Change	31
(d) Consents and Actions	31
(e) Noncompetition Agreements	31
(f) Escrow Agreement	31
(g) Release of Security Interests	31
(h) Financial Condition at Closing	31
(i) Closing Deliveries	31
(j) Shareholder Loans	32



TABLE OF CONTENTS
(continued)

	<u>Page</u>
(k) Lease	32
(l) Employee Arrangements.....	32
(m) Closing Accounts Receivable	32
SECTION 5.03. Conditions of Obligation of Seller and the Shareholders	32
(a) Representations and Warranties.....	33
(b) Performance of Obligations of Buyer.....	33
(c) Consents and Actions.....	33
(d) Noncompetition Agreements	33
(e) Escrow Agreements	33
(f) Employment Arrangements	33
ARTICLE VI Indemnification.....	34
SECTION 6.01. Warranty Claims	34
SECTION 6.02. Third Party Claims.....	35
SECTION 6.03. Indemnification by Buyer	35
SECTION 6.04. Notice of Claim.....	36
SECTION 6.05. Defense of Third Party Claims	36
ARTICLE VII Termination, Amendment and Waiver	37
SECTION 7.01. Termination.....	37
SECTION 7.02. Effect of Termination.....	37
SECTION 7.03. Amendment.....	38
ARTICLE VIII Labor and Employment Matters.....	38
SECTION 8.01. Buyer's Employment Decisions	38
SECTION 8.02. Employment and Benefit Contracts	38
SECTION 8.03. Employee Notification.....	39
ARTICLE IX General Provisions.....	39
SECTION 9.01. Survival of Representations and Warranties and Agreements	39
SECTION 9.02. Sales Taxes.....	39
SECTION 9.03. Bulk Sales Compliance	39
SECTION 9.04. Notices	40
SECTION 9.05. Counterparts.....	41

TABLE OF CONTENTS
(continued)

	<u>Page</u>
SECTION 9.06. Miscellaneous	41
SECTION 9.07. Governing Law; Jurisdiction and Venue	41
EXHIBIT A-1 ESCROW AGREEMENT	A-1
EXHIBIT A-2 ESCROW AGREEMENT	A-2
EXHIBIT B-1 NONCOMPETITION AGREEMENT	B-1
EXHIBIT B-2 NONCOMPETITION AGREEMENT	B-2
EXHIBIT B-3 NONCOMPETITION AGREEMENT	B-3
EXHIBIT B-4 NONCOMPETITION AGREEMENT	B-4
EXHIBIT B-5 NONCOMPETITION AGREEMENT	B-5
EXHIBIT C CONSULTING AGREEMENT	C-1
EXHIBIT D SUBORDINATED PROMISSORY NOTE	D-1



THIS AGREEMENT OF PURCHASE AND SALE is executed as of May 10, 2000, by and among BOTANICAL LABORATORIES, INC., a Washington corporation ("Buyer"); BOULDER VENTURES, LP, BOULDER VENTURES II, L.P., BOULDER VENTURES II (Annex), L.P., JANET ZAND AND MICHAEL MCGUFFIN (the "Shareholders"), who own a majority of the stock of MCZAND HERBAL, INC., a California corporation ("Seller"); and Seller.

WHEREAS, the Shareholders own a majority of the issued and outstanding stock of Seller.

WHEREAS, the shareholders and the Board of Directors of Seller have approved the acquisition of substantially all of the assets of Seller by Buyer on the terms and conditions hereinafter set forth.

WHEREAS, the Board of Directors of Buyer has approved the acquisition of such assets by Buyer on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties agree as follows:

ARTICLE I

Sale of Assets and Assumption of Liabilities

SECTION 1.01. Sale of Assets.

(a) Purchased Assets. At the Closing (as defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer and Buyer shall accept and purchase all of Seller's right, title and interest in and to all of the assets, properties and rights of Seller existing at the close of business on the day of the Closing (the "Purchased Assets") including, without limitation all assets, properties and rights reflected in the Schedule of Purchased Assets attached hereto and

labeled Schedule 1.01(a), together with all assets, properties and rights of a similar nature acquired by Seller since the date of said Schedule, less such assets, properties and rights as may have been disposed of since said date in the ordinary course of business. Without limiting the generality of the foregoing, the Purchased Assets shall include all of Seller's cash, marketable securities, prepaid expenses, income tax refunds, accounts receivable and notes receivable, inventory, machinery, equipment, spare parts, computer equipment, office furniture and equipment, supplies, fixtures, motor vehicles and all intangible assets, properties and rights required for or incident to the conduct of the Seller's business, including contract rights, purchase orders, technical information, trade secrets, trade names, patents, formulas, processes, know-how, clearances, licenses, permits, customer lists, trade lists, books, business records, good will, and all rights in and to the names "McZand Herbal," "Zand" and "Herbs for Kids" or any variation thereof and any other names used by Seller in the course of its business, but specifically excluding the Excluded Assets.

SECTION 1.02. Excluded Assets. The foregoing notwithstanding, Buyer shall not purchase, and Seller shall not be deemed to sell, any of those assets which are listed in the Schedule of Excluded Assets attached hereto and labeled Schedule 1.02 (collectively, the "Excluded Assets").

SECTION 1.03. Assumption of Liabilities.

(a) Assumed Liabilities. As of the Closing Date, Buyer shall undertake, assume, and agree to perform, and otherwise pay, satisfy and discharge as of the Closing the liability of Seller upon those contracts, leases, licenses, purchase orders for equipment or machinery, or other contracts or agreements, listed in Schedule 1.03(a) hereto (collectively, the "Assumed Liabilities").



(b) Excluded Liabilities. Buyer shall not assume, nor does Buyer agree to pay, any debts, liabilities or obligations not identified in Section 1.03(a) hereof, including any federal, state or local taxes of Seller on or measured by income, gross receipts or payroll, whether for the period ending as of the Closing Date or any other period or penalties or interest relating thereto, or, except as set forth in Section 9.02 hereof, any other taxes of Seller of any kind or nature or penalties or interest relating thereto, including, but not limited to, sales, use transfer or documentary taxes, if any, payable in connection with this sale and tax liabilities incurred by Seller as a result of the transactions contemplated by this Agreement. Except for the Assumed Liabilities and as set forth in Section 9.02 or as otherwise set forth herein, in no event shall Buyer assume any liability for any of the following:

(i) Any obligations to pay or contribute any sums to any pension or retirement or similar plan.

(ii) Any fees, expenses or obligations incurred by Seller in connection with this Agreement and the transactions contemplated hereby.

(iii) Any finder's fee or similar charge or commission due to any person or organization which has acted for Seller or any of Seller's shareholders, directors or officers in connection with the transactions contemplated by this Agreement.

(iv) Any salary or bonus payments or vacation pay or fringe benefits of any kind unpaid as of the Closing hereto.

(v) Product liability associated with products shipped prior to the Closing Date.

(vi) Leases, contracts or any other executory contracts not listed in Schedule 1.03(a) hereto.



(vii) Any payables or accrued expenses of any kind.

(viii) Any returns during the period commencing on the Closing Date and ending one year thereafter, or other costs of any nature associated with products manufactured and shipped prior to the Closing; provided that any returns made during such period are not products discontinued by Buyer or products of a type which would not be accepted for return accordance with Buyer's return policy which has been provided to Seller.

(ix) Any environmental liability arising prior to the Closing.

All of the foregoing shall be the responsibility of Seller, and Seller agrees to indemnify and hold Buyer harmless against any such liabilities, debts, obligations, claims or damages therefrom (including incidental and consequential damages), costs and expenses (including reasonable attorneys' fees and expert witness fees), all as more fully provided in Section 6.02 hereinafter set forth.

SECTION 1.04. Closing. The closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities (the "Closing") will take place on May __, 2000 (the date on which the closing occurs being referred to herein as the "Closing Date"), at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, unless another date or place is agreed to in writing by the parties hereto.

(a) Seller Deliveries. Seller shall deliver or cause to be delivered to Buyer at the Closing:

(i) Properly executed bills of sale, certificates of title and other instruments of conveyance of title, in form reasonably acceptable to Buyer, sufficient to pass title to all



personal property to be conveyed hereunder, free and clear of all liens or encumbrances of any type or nature other than Permitted Liens as defined in Section 2.01(i).

(ii) Consents executed by all necessary parties to permit Buyer to assume Seller's interest in any contracts acquired among the Purchased Assets. Such consents are described in Schedule 1.04(a)(ii) hereto.

(iii) The certificate referred to in Section 5.02(a).

(iv) The Updated Creditor List referred to in Section 1.05(d) hereof.

(v) The Accounts Receivable Statement referred to in Section 4.06(b) hereof.

(vi) Noncompetition Agreements, in the form of Exhibit B-1, Exhibit B-2, Exhibit B-3, Exhibit B-4 and Exhibit B-5 hereto and the consulting agreement in the form of Exhibit C hereto (the "Consulting Agreement"), duly executed by Seller and the other parties thereto.

(vii) A copy of resolutions duly adopted by the Board of Directors of Seller authorizing and approving Seller's execution and delivery of and performance under this Agreement, certified as true and in full force as of the Closing by the Secretary of Seller.

(viii) Certificates of corporate existence and good standing of Seller from its state of incorporation, each dated as of a recent practicable date prior to the Closing Date.

(ix) Such other resolutions, certificates, consents or other documents of authority as provided for herein, or as may be otherwise necessary to convey and transfer the Purchased Assets, and all other instruments or documents that counsel for Buyer may reasonably request in order to assure sufficient transfer of, the Purchased Assets to Buyer, or compliance with the terms and conditions of this Agreement.



All notices given thereunder shall be deemed given at the time of personal delivery or, if mailed, on the earlier of actual receipt as shown on the registry receipt or three business days after the date of such mailing.

SECTION 9.05. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart.

SECTION 9.06. Miscellaneous. This Agreement, including the schedules and exhibits hereto, and the documents and instruments and other agreements between the parties hereto (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) are not intended to confer upon any other person any rights or remedies hereunder or thereunder and (c) shall not be assigned by operation of law or otherwise except as otherwise specifically provided.

SECTION 9.07. Governing Law; Jurisdiction and Venue. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Washington. Each of the parties hereto irrevocably consents to the exclusive jurisdiction of (a) the Supreme Court of the State of Washington, Whatcom County, and (b) any United States District Court in the State of Washington, for the purposes of any Action (as defined below) arising out of this Agreement, any related document or certificate or any transaction contemplated hereby or thereby. Each of the parties hereto agrees to commence any Action relating hereto either in any United States District Court in the State of Washington or if such Action may not be brought in such court for jurisdictional reasons, in the Supreme Court of the

State of Washington, Whatcom County. Each of the parties hereto further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth in Section 9.04 shall be effective service of process for any Action in Washington with respect to any matters to which it has submitted to jurisdiction in this Section 9.07. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any Action arising out of this Agreement, or any transaction contemplated hereby in (i) the Supreme Court of the State of Washington, Whatcom County, or (ii) any United States District Court in the State of Washington, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Action brought in any such court has been brought in an inconvenient forum. For purposes of this Agreement, "Action" means any claim, action, suit or arbitration, or any other proceeding, in each instance by or before any governmental entity or any nongovernmental arbitration, mediation or other nonjudicial dispute resolution body.

-Signature Page Follows-



IN WITNESS WHEREOF, Buyer, the Shareholders and Seller have executed this

Agreement, all as of the date first written above.

MCZAND HERBAL, INC.

BOTANICAL LABORATORIES, INC.

By Caryn D. Ellison
Name: CARYN D ELLISON
Title: CEO

By [Signature]
Name: [Signature]
Title: President/CEO

SHAREHOLDERS:

BOULDER VENTURES, LP

By _____
Name:
Title:

BOULDER VENTURES II, L.P.

By _____
Name:
Title:

BOULDER VENTURES II (Annex), L.P.

By _____
Name:
Title:

(Janet Zand)

(Michael McGuffin)

IN WITNESS WHEREOF, Buyer, the Shareholders and Seller have executed this

Agreement, all as of the date first written above.

MCZAND HERBAL, INC.

BOTANICAL LABORATORIES, INC.

By _____
Name:
Title:


By _____
Name:
Title:

SHAREHOLDERS:


BOULDER VENTURES, LP

By  _____
Name: *K. Lefkoff*
Title: *Partner*

BOULDER VENTURES II, L.P.

By  _____
Name: *K. Lefkoff*
Title: *Partner*

BOULDER VENTURES II (Annex), L.P.

By  _____
Name: *K. Lefkoff*
Title: *Partner*

(Janet Zand)

(Michael McGuffin)

IN WITNESS WHEREOF, Buyer, the Shareholders and Seller have executed this

Agreement, all as of the date first written above.

MCZAND HERBAL, INC.

BOTANICAL LABORATORIES, INC.

By _____
Name:
Title:

By _____
Name:
Title:

SHAREHOLDERS:

BOULDER VENTURES, LP

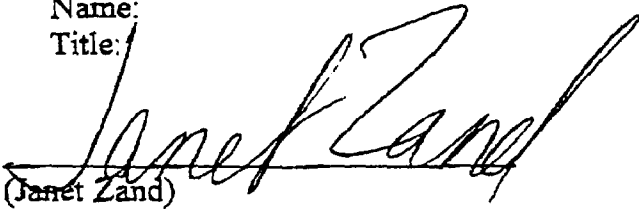
By _____
Name:
Title:

BOULDER VENTURES II, L.P.

By _____
Name:
Title:

BOULDER VENTURES II (Annex), L.P.

By _____
Name:
Title:


(Janet Zand)

(Michael McGuffin)

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Agreement, all as of the date first written above.

MCZAND HERBAL, INC.

BOTANICAL LABORATORIES, INC.

By _____
Name:
Title:

By _____
Name:
Title:

SHAREHOLDERS:

BOULDER VENTURES, LP

By _____
Name:
Title:

BOULDER VENTURES II, L.P.

By _____
Name:
Title:

BOULDER VENTURES II (Annex), L.P.

By _____
Name:
Title:

(Janet Zand)

(Michael McGuinn)

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11614-1 JFS

TRADEMARK
REEL: 002336 FRAME: 0705

ATTACHMENT A

Trademark	Registration Number	Registration Date
HERBS FOR KINDS	2,80,608	September 28, 1999
ZAND	1,756,390	March 3, 1993