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TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

Tab settings

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

1. Name of conveying party(ies):

American Candle Co. Inc.

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

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

3. Nature of conveyance:

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

Execution Date: _____

2. Name and address of receiving party(ies)

Name: Bank Hapoalim B.M.

Internal

Address: _____

Street Address: 1177 Avenue of the Americas

City: New York State: NY Zip: 10036

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

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

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

A. Trademark Application No.(s) See Exhibit A

B. Trademark Registration No.(s) See Exhibit A

Additional number(s) attached Yes No

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

Name: Christopher G. Dorman

Internal Address: Phillips, Lytle, Hitchcock,

Blaine & Huber LLP

Street Address: 437 Madison Avenue, 34th Floor

City: New York State: NY Zip: 10022

6. Total number of applications and registrations involved:

6

7. Total fee (37 CFR 3.41).....\$ 165.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

Christopher G. Dorman

Name of Person Signing

Signature

July 16, 2002

Date

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

07/18/2002 6T0N11 00000129 6036024

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

01 FC:481
02 FC:482

40.00 OP
125.00 OP

TRADEMARK
REEL: 002545 FRAME: 0023

EXHIBIT A

TRADEMARKS

<u>Trademark</u>	<u>Application/ Registration Number</u>	<u>Application/ Registration Date</u>
Package for Candle with Protective Cover	6,036,024	March 14, 2000
Shimmering Bath Lights	2402609	November 7, 2000
Shimmering Bath Lights	2392116	October 3, 2000
Dinner Lights	2360578	June 20, 2000
Certificate of Trademark	1,627,927	December 18, 1990
Certificate of Trademark	2,132,383	January 27, 1998

TRADEMARK SECURITY AGREEMENT

AGREEMENT made this 28th day of May, 2002 by and between AMERICAN CANDLE CO. INC., a New York corporation ("Debtor"), with an address at 1033 Kings Highway, Saugerties, New York, 12477 BANK HAPOALIM, B.M. ("Secured Party"), having an office at 1177 Avenue of the Americas, New York, New York 10036.

WITNESSETH:

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor described in Exhibit A annexed hereto and made a part hereof; and

WHEREAS, Secured Party and Debtor have entered into financing arrangements pursuant to which Secured Party may make advances and provide other financial accommodations to Debtor in accordance with the terms and conditions of Loan Agreement dated on or about the date hereof between Debtor and Secured Party (the "Loan Agreement", and together with all agreements and documents now or at any time executed in connection therewith as such agreements and documents may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Transaction Documents"); and

WHEREAS, in order to induce Secured Party to enter into the Transaction Documents and to make the term loan, advances and provide other financial accommodations to Debtor pursuant thereto, Debtor has agreed to grant to Secured Party certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Indebtedness (as hereinafter defined), Debtor hereby grants to Secured Party a continuing security interest in and a general lien upon, and hereby assigns and transfers to Secured Party: (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, tradestyles and service marks; all prints and labels on which said trademarks, trade names, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark

Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, designs and applications described in Exhibit A hereto (the "Trademarks"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and any and all proceeds of any of the foregoing, including, without limitation, any claims by Debtor against third parties for infringement of the Trademarks or any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "Collateral").

2. INDEBTEDNESS SECURED

The security interest, lien and other interests granted to Secured Party pursuant to this Agreement secures payment of the secured obligations (as such term is defined in the Borrower Security Agreement dated May 28, 2002 by Debtor, Old Williamsburgh Candle Corp. and Bank) (all hereinafter referred to as "Indebtedness").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor hereby represents, warrants and covenants to Secured Party the following (which shall survive the execution and delivery of this Agreement), the truth and accuracy of which, or compliance with, being a continuing condition of the making of loans by Secured Party to Debtor under the Transaction Documents:

(a) Debtor will pay and perform all of the Indebtedness according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Debtor owns the sole, full, and clear title thereto, and the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting and registered trademarks including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever, except the security interests granted hereunder and pursuant to the Loan Agreement, the security interests permitted under the Loan Agreement, and the licenses permitted under Section 3(e) below.

(c) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating thereto, except as permitted herein, in the Transaction Documents, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party. Nothing in this Agreement shall be deemed a consent by Secured Party to any such action, except as such action is expressly permitted hereunder.

(d) Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Secured Party or as otherwise determined by Secured Party. Debtor further authorizes Secured Party to have this or any other similar security agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office, or in any similar office or agency of the United States, any State thereof, or any other domestic or foreign jurisdiction or subdivision thereof.

(e) As of the date hereof, Debtor does not have any Trademarks registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof, or any other domestic or foreign jurisdiction or subdivision thereof, other than those described in Exhibit A annexed hereto and has not granted any licenses with respect thereto, except as set forth on Exhibit B hereto.

(f) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder.

(g) Secured Party may, in its discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to preserve, defend, protect, maintain, record, amend or enforce the Indebtedness, the Collateral, or the security interest granted hereunder including but not limited to all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed an advance by Secured Party to Debtor, shall be payable on demand together with interest at the then applicable rate set forth in the Transaction Documents and shall be part of the Indebtedness secured hereby.

(h) Debtor shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof, or any other domestic or foreign jurisdiction or subdivision thereof, unless Debtor has by thirty (30) days prior written notice informed Secured Party of such action. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark.

(i) Debtor has not abandoned any of the Trademarks and Debtor will not do any act, nor omit to do any act, whereby the Trademarks may become abandoned, invalidated, unenforceable, avoided or avoidable. Debtor shall notify Secured Party immediately if it knows or has reason to know of any reason why any application, registration, or recording may become abandoned, canceled, invalidated, avoided, or avoidable.

(j) Debtor will render any assistance necessary to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency of the United States, any State thereof, or any other domestic or foreign jurisdiction or subdivision thereof, to maintain such application and registration of the Trademarks as Debtor's exclusive property and to protect Secured Party's interest therein, including, without limitation, filing of renewals, affidavits of use, affidavits of incontestability and opposition, interference, and cancellation proceedings.

(k) Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in its discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(m) Debtor will promptly pay Secured Party for any and all expenditures made by Secured Party pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Indebtedness, the Collateral, or the security interests granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the then applicable rate set forth in the Transaction Documents and shall be part of the Indebtedness secured hereby.

4. EVENTS OF DEFAULT

All Indebtedness shall become immediately due and payable, without notice or demand, at the option of Secured Party, upon the occurrence of any one or more of the "Events of Default", as defined in the Loan Agreement (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

Upon the occurrence of any such Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Transaction Documents or otherwise, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder.

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto for any

purpose whatsoever. Secured Party may make use of any Trademarks for the sale of goods, completion of work in process or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary of Debtor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Debtor of intended disposition of Collateral is required by law, the giving of five (5) days notice in the manner set forth in subparagraph 6(b) hereof shall be deemed reasonable notice thereof and Debtor waives any other notice with respect thereto. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to Subparagraph 5(c) hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in Subparagraph 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, legal expenses and reasonable attorneys' fees and legal expenses.

(e) Secured Party may first apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Indebtedness as Secured Party may in its discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at a rate equal to the highest rate then payable on the Indebtedness.

(f) Debtor shall supply to Secured Party or its designee, Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks and Debtor's customer lists and other records relating to the Trademarks and the distribution thereof.

(g) Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Transaction Documents, this Agreement, or otherwise, shall be cumulative and

none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. MISCELLANEOUS

(a) Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party or Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

(b) All notices, requests and demands to or upon the respective parties hereto shall be given in accordance with the terms of the Loan Agreement.

If to Secured Party: Bank Hapoalim B.M
 Attn: Maxine Levy, VP
 1177 Avenue of the Americas
 New York, NY 10036
 Tel: (212) 782-2000
 Fax: (212) 782-2170

With a copy to: Phillips Lytle Hitchcock Blaine
 & Huber LLP
 Attn: Christopher G. Dorman
 437 Madison Avenue
 New York, NY 10022
 Tel: (212) 508-0427
 Fax: (212) 308-9079

(c) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(d) All references to Debtor and Secured Party herein shall include their respective successors and assigns. All references to the term "person" or "Person" herein shall mean any individual, sole proprietorship, limited partnership, general partnership, corporation (including a business trust), unincorporated association, joint stock corporation, trust, joint venture, association, organization or other entity or government or any agency or instrumentality or political subdivision thereof.

(e) This Agreement shall be binding upon and for the benefit of the parties hereto and their respective successors and assigns. No provision hereof shall be modified,

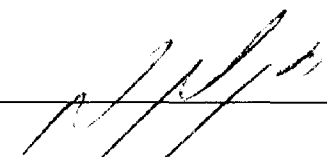
altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

(f) The validity, interpretation, and effect of this Agreement shall be governed by the laws of the State of New York, without regard to principles of conflicts of laws.


(g) In the event that any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

IN WITNESS WHEREOF, Debtor and Secured Party have executed this Agreement as of the day and year first above written.

AMERICAN CANDLE CO. INC.

By:  _____

BANK HAPOALIM, B.M.

By:  _____
ELI EISDORFER
SENIOR VICE PRESIDENT

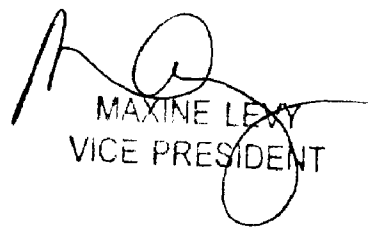

MAXINE LEVY
VICE PRESIDENT

EXHIBIT A

TRADEMARKS

<u>Trademark</u>	<u>Application/ Registration Number</u>	<u>Application/ Registration Date</u>
Package for Candle with Protective Cover	6,036,024	March 14, 2000
Shimmering Bath Lights	2402609	November 7, 2000
Shimmering Bath Lights	2392116	October 3, 2000
Dinner Lights	2360578	June 20, 2000
Certificate of Trademark	1,627,927	December 18, 1990
Certificate of Trademark	2,132,383	January 27, 1998

EXHIBIT B

LICENSES

None.

EXHIBIT C

SPECIAL POWER OF ATTORNEY

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

KNOW ALL MEN BY THESE PRESENTS, that AMERICAN CANDLE CO. INC. (“Debtor”), having an office at 1033 Kings Highway, Saugerties, New York 12477, hereby appoints and constitutes, severally, BANK HAPOALIM, B.M. (“Secured Party”), and each of its officers, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Secured Party, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Debtor in and to any trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

2. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney, being a power coupled with an interest, is made pursuant to a Trademark Security Agreement between Debtor and Secured Party, of even date herewith (the “Security Agreement”) and may not be revoked until indefeasible payment in full of all Debtor’s “Indebtedness”, as such term is defined in the Security Agreement and is subject to the terms and provisions thereof.

May ____, 2002

AMERICAN CANDLE CO. INC.

By: _____

Title: _____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the __ day of June in the year 2002, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public