

Form PTO-1594
(Rev. 10/02)
OMB No. 0651-0027 (exp. 6/30/2005)
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RECORDATION FORM COVER SHEET TRADEMARKS ONLY

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

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

1. Name of conveying party(ies):
AVA HAM D/B/A GOOD FAIRY ENTERPRISES

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

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

2. Name and address of receiving party(ies)
Name: BROOKELYNNE DESIGNS, LLC
Internal Address: _____
Address: _____
Street Address: 4341 Crossroads Park
City: Liverpool State: NY Zip: 13088

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Limited Liability Company

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

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

Execution Date: 09/23/2002

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s) _____

Additional number(s) attached Yes No

B. Trademark Registration No.(s) 1706812

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Michael P. Williams
 Internal Address: Bond, Schoeneck & King, PLLC

 Street Address: One Lincoln Center

 City: Syracuse State: NY Zip: 13202

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41).....\$ 40.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
50-1546

DO NOT USE THIS SPACE

9. Signature.
 Michael P. Williams (Reg. No. 43,271) *Michael P. Williams* 10/21/2002
 Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 13

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

ASSET PURCHASE AGREEMENT

This Agreement is made as of September 23, 2002, between BROOKELYNNE DESIGNS, LLC, a New York limited liability company with its principal place of business at 4641 Crossroads Park, Liverpool, New York 13088 ("Buyer"), and ~~EVA HAM~~ D/B/A GOOD FAIRY ENTERPRISES, with an address at 1913 Deerwood Place, Florence, South Carolina 29501 ("Seller").

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RECITALS

- A. Seller is a jewelry manufacturer specializing in the manufacturing of Fairy Dust® products.
- B. Seller wishes to sell, and Buyer wishes to buy, Seller's assets involving Fairy Dust® products including all inventory and supplies, sales records, wholesale and retail account lists, marketing materials, suppliers lists, display prototypes, the web site "www.goodfairy.net," and the Fairy Dust® trademark, on the terms set forth in this Agreement. Hereafter, Seller's assets are referred to as "Seller's Assets."
- C. Buyer shall pay a purchase price of \$125,000, on the terms set forth in this Agreement.

TERMS

NOW THEREFORE, in consideration of the matters recited and of the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the parties agree as follows:

- 1. Purchase and Sale of Assets. Subject to the provisions of this Agreement, Seller agrees to sell, transfer, convey and assign, and Buyer agrees to purchase, accept and acquire, at the Closing (as hereinafter defined) Seller's right, title and interest in Seller's Assets, wherever located and whenever acquired, including, but not limited to, the following:
 - (a) All intellectual property regarding the Fairy Dust® trademarks, including all registered or unregistered trademarks, trade names, brand names, service marks, domain names, copyrights, designs, inventions, patents, patent applications, patent rights, licenses, sublicenses, franchises, formulas, processes, know-how, engineering data, trade secrets and technology, including the trademark transfer agreement;
 - (b) All inventory, wherever located, including raw materials, supplies, work in process and finished goods;
 - (c) All wholesale and retail account lists, separated into the categories of wholesale and retail, including the last dates sold to the customer;

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- (d) All display prototypes;
- (e) All sales records;
- (f) All relevant information relative to any and all lawsuits pertaining to the Fairy Dust® trademark, including past, current or potential infringement;
- (g) All marketing materials used, including copies and descriptions;
- (h) All supplier lists; and
- (i) The web site "www.goodfairy.net." (including content, graphics, and software).

*Also FAIRY DUST.NET
AT C.D.B. L.I.*

2. Purchase Price and Allocation.

(a) The purchase price for the Seller's Assets shall be \$125,000, of which \$25,000 will be paid at the Closing and the balance paid on October 2, 2002. A deposit of \$5,000 has been paid; however, the deposit is contingent upon Seller withdrawing its lawsuit, without prejudice, against Buyer. If Seller does not withdraw the lawsuit, Seller is responsible for all of Buyer's legal expenses, including attorneys' fees and expenses, until such lawsuit is withdrawn.

(b) Buyer is not assuming any liabilities of Seller whatsoever and Seller shall remain solely responsible for payment and satisfaction of all of its liabilities and obligations, including, but not limited to, its contingent liabilities and its sales tax liabilities.

(c) Allocation. The parties shall agree on the allocation of the purchase price as of the Closing Date and shall jointly file Form 1060 after closing.

3. Closing.

(a) Time and Location. The closing of this transaction (the "Closing") shall be deemed September 24, 2002 (the "Closing Date").

(b) Closing Obligations. At the Closing:

(i) Seller shall execute and deliver such assignments, bills of sale, and other documents of conveyance and transfer as will, in the opinion of the attorneys for Buyer, be appropriate to transfer to Buyer good and clear title to Seller's Assets.

(ii) Buyer shall execute and deliver all documents, instruments and writings required to be delivered by Buyer at the Closing pursuant to this Agreement or which are reasonably requested by Seller.

(iii) Seller will execute the agreement, attached as Exhibit A, requiring Seller to forward all of its customers to Buyer.

(iv) Seller will withdraw all lawsuits against Buyer.

(v) Seller will take immediate action to transfer the Fairy Dust® trademark registration and the web site's URL to Buyer including any agreements with the domain name registrant.

(c) Post-Closing Obligations; Further Documents and Assurances. At any time and from time to time after the Closing, each party shall, upon the request of the other party, execute, acknowledge, and deliver such documents, and will take such other action consistent with the terms of this Agreement, as may be reasonably required to consummate the transactions contemplated by this Agreement and to permit each party to enjoy its rights and benefits hereunder.

4. Representations and Warranties of Seller. Seller represents and warrants to Buyer as follows:

(a) Business Qualification. Seller is a sole proprietor.

(b) Restrictions. Seller's Assets are not subject to any restriction or agreement restricting their sale or transfer which has not previously been disclosed in writing to Buyer.

(c) Litigation. Seller is not a party to any litigation, legal action, or similar proceeding and there are no outstanding orders, decrees, judgments or stipulations by or with any court or administrative agency effecting Seller's Assets.

(d) Title. On the Closing Date, Seller shall convey to Buyer good and marketable title to Seller's Assets.

(e) Third Party Consents. Neither the execution, delivery or performance of this Agreement by Seller will conflict with or result in a breach of: (i) Seller's certificate of incorporation and by-laws; (ii) any judgment, order, decree or ruling to which Seller is a party; (iii) any law, rule, regulation or injunction of any court or governmental authority to which Seller is subject; or (iv) any provisions of, or constitute a material default under, any contract, agreement, instrument or obligation of which Seller is a party or by which Seller is bound.

(f) Books and Records. All of Seller's books and records are true and correct in all material respects.

(g) Completeness of Disclosure. No representation or warranty by Seller in this Agreement contains any untrue statement of a fact or omits to state any fact, the omission of which would be misleading.

(h) Intellectual Property. "Intellectual Property" shall be defined to mean all patents, patent disclosures, trademarks, service marks, trade dress, logos, trade names, copyrights and mask works, and all registrations, applications and associated goodwill for each of the foregoing, and all computer software, computer programs, computer databases and related documentation and materials, data, documentation, trade secrets, confidential business information (including ideas, formulas, compositions, inventions, know-how, manufacturing and production processes and techniques, research and development information, drawings, designs, plans, proposals and technical data, financial, marketing and business data, customer and supplier data, pricing and cost information) and other intellectual property rights (in whatever form or medium) owned or licensed by Seller. Schedule 5(c) sets forth an accurate and complete list of all Intellectual Property. Seller is the sole and exclusive owner of all right, title and interest in and to its Intellectual Property and has not granted, nor does there exist by implication or operation of law, any license or other right in respect thereof which does or which will, subsequent to the date of this Agreement, permit or enable anyone other than Buyer or Seller to use any of the Intellectual Property, and no Person has any rights to utilize any Intellectual Property or sell any products or services which utilize or incorporate, or which were developed utilizing or incorporating, any Intellectual Property, and, except as set forth on Schedule 5(c), there is no notice or pending or threatened claim against Seller (and there has not been any such notice or claim) asserting (a) that any of the Intellectual Property infringes or violates the rights of third parties, (b) that any of the Intellectual Property is invalid, (c) that the present or past conduct of the business of Seller, whether conducted by Seller or any of its predecessors, infringes or violates any rights of others with respect to any intellectual property, (d) that any Person has any rights to utilize any of the Intellectual Property or sell any products or devices which utilize or incorporate, or which were developed utilizing or incorporating, any Intellectual Property, or (e) which could, if adversely determined against Seller, adversely affect Buyer's or Seller's ability to utilize any of the Intellectual Property, and no basis for any such claim exists. Neither Seller nor any of its predecessors has given any notice to any third parties asserting infringement by such third parties upon any of the Intellectual Property. No contract or agreement of understanding exists which would impede or prevent Seller from selling, assigning, transferring, conveying and delivering its entire right, title and interest of Seller in and to its Intellectual Property. Seller is not subject to any bars or other restrictions with respect to its rights to practice under any of the Intellectual Property, and no bars or other restrictions on the rights of Seller to practice under any of the Intellectual Property will be created by, or will, by reason of any action or inaction of Seller before or after the Closing Date, exist after the consummation of the transactions contemplated hereby. With respect to Seller's web site, Seller (i) has obtained the required Universal Resource Locator under the .net domain, and (ii) has

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maintained adequate computer, data storage, memory, server and other related resources and has adequate additional resources to permit and accommodate anticipated increases in traffic levels or enhancements in functionality.

5. Representations and Warranties of Buyer. Buyer represents, covenants and warrants to Seller as follows:

(a) Company Existence. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York.

(b) Company Authority. Buyer has received all necessary company authority to enter into this Agreement and to purchase the Seller's Assets.

6. Actions Pending Closing. Between the date of this Agreement and the Closing Date, Seller shall:

(a) Conduct and carry on its business only in the ordinary and regular course in accordance with past practices.

(b) Refrain from selling, leasing, mortgaging, pledging or otherwise disposing of any of Seller's Assets except in the ordinary course of business.

(c) Use its commercially reasonable efforts to obtain such written consents and take such other actions as may be necessary or appropriate to facilitate the Closing and to allow Buyer to utilize Seller's Assets after the Closing.

7. Conditions Precedent to Obligations of Seller. The obligations of Seller hereunder are subject to the fulfillment or satisfaction on or before the Closing Date of each of the following conditions (any one or more of which may be waived by Seller, but only in a writing signed by Seller):

(a) Covenants. Buyer shall have performed and complied with all of its covenants required to be performed by it under this Agreement on or before the Closing Date.

(b) Accuracy of Representations. The representations and warranties of Buyer set forth in this Agreement and in any certificate executed and delivered by Buyer pursuant to this Agreement shall be true and accurate in all material respects on and as of the Closing Date with the same force and effect as if they had been made at the Closing.

(c) Compliance with Law. There shall be no order, decree or ruling by any governmental entity or threat thereof, or any statute, rule, regulation or order enacted, entered,

enforced or deemed applicable to the transactions contemplated by this Agreement, which would prohibit or render illegal the transactions contemplated by this Agreement.

(d) No Legal Action. No temporary restraining order, preliminary injunction or permanent injunction or other order preventing the Closing of this Agreement shall have been issued by any Federal or state court and remain in effect, nor shall any proceeding seeking any of the foregoing be pending.

8. Conditions Precedent to Obligations of Buyer. The obligations of Buyer hereunder are subject to the fulfillment or satisfaction on or before the Closing Date of each of the following conditions (any one or more of which may be waived by Buyer, but only in a writing signed by Buyer):

(a) Covenants. Seller shall have performed and complied with all of its covenants contained in this Agreement on or before the Closing Date.

(b) Accuracy of Representations and Warranties. The representations and warranties of Seller in this Agreement and in any certificate executed and delivered by Seller pursuant to this Agreement shall be true and accurate on and as of the Closing Date with the same force and effect as if they had been made at the Closing.

(c) Absence of Material Adverse Change. There shall not have been any material adverse change since the date of this Agreement in the condition (financial or otherwise) of the properties, assets, liabilities, business, operations, results of operations or prospects of Seller.

(d) Compliance with Law. There shall be no order, decree or ruling by any governmental entity or threat thereof, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to this Agreement, which would prohibit or render illegal the transactions contemplated by this Agreement.

(e) No Legal Action. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of this Agreement shall have been issued by any Federal or state court and remain in effect, nor shall any proceeding seeking any of the foregoing be pending.

(f) Documents. Buyer or Seller, as applicable, shall have received all written consents, assignments, waivers, authorizations or certificates reasonably deemed necessary by Buyer's legal counsel to provide for the continuation in full force and effect of any and all material contracts and leases of Seller and for Buyer or Seller to consummate the transactions contemplated by this Agreement.

9. Indemnification.

(a) The representations, covenants and warranties made by Seller shall survive the Closing Date and each party shall defend with competent counsel, indemnify and hold the other harmless for and from all damages, claims, taxes or losses sustained as a result of any breach of any representation, covenant or warranty.

(b) Seller shall defend with competent counsel, indemnify and hold Buyer harmless from and against any and all of the liabilities retained by Seller, including without reservation all taxes, debts, losses and claims for money, damages or expenses including reasonable attorneys fees and disbursements.

10. Termination.

(a) Right of Termination. This Agreement may be terminated at any time prior to the Closing:

(i) By mutual agreement of Seller and Buyer.

(ii) By either party, if the other party shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement.

(iii) By either party, if the Closing shall not have occurred on or before October 2, 2002.

(b) Notice of Termination. Any termination of this Agreement under Section 10 will be effective by the delivery of written notice of the terminating party to the other party to this Agreement.

(c) Effect of Termination. In the case of any termination of this Agreement as provided in this Section 10, this Agreement shall be of no further force and effect.

11. Non-Compete. Seller agrees that for a period beginning on the Closing Date and ending on the fifth (5th) anniversary thereof, it shall not, directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director, individual proprietor, lender, consultant, or have any financial interest in (other than an equity interest of less than 5% of the shares of a publicly traded entity, provided that Seller does not serve as its director or officer), or aid or assist anyone else in the conduct of, any entity or business which competes in the business conducted by Buyer in any area or market where such business is being conducted on the Closing Date, unless authorized in writing by the Board of Directors of Buyer. Seller shall keep Buyer fully advised as to any activity, interest, or investment it may have in the jewelry

manufacturing industry. Seller will not register or use any domain names that are similar in nature to www.goodfairy.net.

12. Binding Effect. The terms and provisions of this Agreement shall be binding upon and benefit the parties and their respective successors and assigns.

13. Modification. This Agreement may not be modified, terminated or otherwise changed (except in accordance with its terms) in whole or in part, except by written agreement of the parties.

14. Waiver. The waiver of any provision of this Agreement, or of any breach of this Agreement, shall not constitute a subsequent waiver of any provision or breach.

15. Governing Law. ~~This Agreement shall be construed in accordance with and governed by the laws of the State of New York. The venue for any actions or disputes arising under or out of this Agreement shall be any court of competent subject matter jurisdiction in Onondaga County, New York. Seller agrees that any such court shall have personal jurisdiction over it.~~

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16. Notices. Any notice or other communication to be given under this Agreement shall be given in writing and delivered personally, by overnight courier or by certified mail addressed as follows:

To Seller: *AVA AH CD.A. LI*
Eva Ham
1913 Deerwood Place
Florence, South Carolina 29501


To Buyer: Brookelynn Designs, LLC
4641 Crossroads Park
Liverpool, New York 13088
Attn: President

Each party shall notify the other party in writing of any change of address for further notices.

17. Severability. If any provision of this Agreement is invalid or unenforceable, that provision shall be deemed null and void, but all other provisions shall remain in effect and fully enforceable.

The parties' assent to this Agreement as of the date set forth at the beginning is ablished by their following signatures.

BROOKELYNNE DESIGNS, LLC

By: 
Lynne Ingalls
Secretary

EVA HAM d/b/a Good Fairy Enterprises

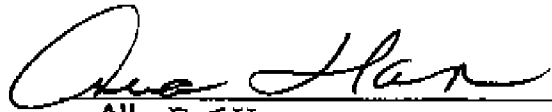


AH Eva Ham
AVA
CDH.

Charles D. Ham

EXHIBIT A

Agreement

ring Seller to Forward its Clients to Buyer]

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SCHEDULE 5(c)

Intellectual Property

Trademarks

Fairy Dust®

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TRADEMARK

RECORDED: 10/21/2002

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