

09-26-2002

SHEET
JLYU.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

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To the Honorable Commissioner of F

102233523

, attached original documents or copy thereof.

1. Name of conveying party(ies):

Avance International, LLC

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☐ Corporation-State
☒ Other Delaware limited liability company

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

3. Nature of conveyance:

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

Execution Date: September 12, 2002

2. Name and address of receiving party(ies):

Name: LaSalle Business Credit, Inc., as
AgentInternal Address: Attn: Avance Account OfficerStreet Address: 450 N. Brand Ave., Ste 950City: Glendale State: CA ZIP: 91203

- ☐ Individual(s) citizenship
☐ Association
☐ General Partnership
☐ Limited Partnership
☒ Corporation-State Delaware
☐ 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 Attached
Schedule A

B. Trademark registration No.(s)

see Attached
Schedule AAdditional numbers attached? ☐ Yes ☐ No

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

Name: Federal Research Co., LLC

Internal Address: _____

Street Address: 1030 15th St., NW, Ste 920City: Washington State: DC ZIP: 20005

6. Total number of applications and registrations involved: _____

24

7. Total fee (37 CFR 3.41):..... \$ 615.00☒ Enclosed☐ Authorized to be charged to deposit account

8. Deposit account number: _____

(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.*Michael Haworth, Esq.
Name of Person SigningMichael Haworth
SignatureSept. 23, 2002
DateTotal number of pages comprising cover sheet: 9

OMB No. 0651-0011 (exp. 4/94)

Do not detach this portion

Mail documents to be recorded with required cover sheet information to:

09/27/2002 6T0M11 00000038 1654364

Commissioner of Patents and Trademarks

01 FC:481
02 FC:48240.00 OP
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Washington, D.C. 20231

Public burden reporting for this sample cover sheet is estimated to average about 30 minutes per document to be recorded, including time for reviewing the document and gathering the data needed, and completing and reviewing the sample cover sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Office of Information Systems, PK2-1000C, Washington, D.C. 20231, and to the Office of Management and Budget, Paperwork Reduction Project (0651-0011), Washington, D.C. 20503.

TRADEMARK
REEL: 2588 FRAME: 0214

SCHEDULE A**TRADEMARKS**

TRADEMARKS	APPLICATION NO./ REGISTRATION NO.	FILING DATE/ ISSUE DATE
Lavon	1,654,364	08/20/91
A V Textiles	2,436,703	03/20/01
Bocoo	1,703,416	07/28/92
Cabazon	2,001,580	09/17/96
Chaver	2,195,659	10/13/98
Kids Lavon	2,291,066	11/09/99
Mini Lavon	2,392,080	10/03/00
Voltage by Lavon	2,342,469	04/18/00
Indications	1,758,464	03/16/93
Jason & Wooley	1,796,427	10/15/93
L Design	1,945,555	01/02/96
L and Design	1,955,956	02/13/96
Pacific Cove	1,853,135	09/06/94
Sunterra	2,384,645	09/12/00
Avance	2,243,278	05/04/99
Chaver	75-859,807	11/29/99
Split Reaction	75-543,085	08/26/98
Conspiracy Girl	76-408,193	05/15/02
Conspiracy2	76-408,177	05/15/02
Picture Me By Lavon	76-354,636	01/03/02
L Design	76-307,986	08/31/01
Trophe	75-540,013	08/19/98
Riverwoods	75-480,401	06/01/95
Avance	75-465,624	04/10/98

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT (the "Security Agreement") made as of this 12th day of September, 2002, by Avance International, LLC, a Delaware limited liability company ("**Borrower**") in favor of LaSalle Business Credit, Inc., with an office at 450 North Brand Avenue, Suite 950, Glendale, California 91203-2350 ("**Agent**"), as Agent for and on behalf of Standard Federal Bank National Association ("**Lender**") (in such capacity, "**Secured Party**"):

W I T N E S S E T H

WHEREAS, Borrower, Agent and Lender are parties to a certain Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "**Loan Agreement**") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "**Financing Agreements**"), which Financing Agreements provide (i) for Lender to, from time to time, extend credit to or for the account of Borrower and (ii) for the grant by Borrower to Secured Party of a security interest in certain of Borrower's assets, including, without limitation, its trademarks and trademark applications;

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

1. Incorporation of Financing Agreements. The Financing Agreements and the terms and provisions thereof are hereby incorporated herein in their entirety by this reference thereto. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Loan Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Liabilities, Borrower hereby grants to Secured Party, and hereby reaffirms its prior grant pursuant to the Financing Agreements of, a continuing security interest in Borrower's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) in connection therewith, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof and the trademarks, and renewals thereof, and all income, royalties, damages, payments and proceeds now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

all rights corresponding to any of the foregoing throughout the world and the goodwill of the Borrower's business connected with the use of and symbolized by the Trademarks.

3. Warranties and Representations. Borrower warrants and represents to Agent and Lender that:

(i) no Trademark has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Trademark been cancelled, in whole or in-part and each such Trademark is presently subsisting;

(ii) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges, licenses and encumbrances, including without limitation, shop rights and covenants by Borrower not to sue third persons;

(iii) Borrower has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iv) Borrower has the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Borrower agrees that until Borrower's Liabilities shall have been satisfied in full and the Financing Agreements shall have been terminated, Borrower shall not, without the prior written consent of Secured Party, sell or assign its interest in any Trademark or enter into any other agreement with respect to any Trademark which would affect the validity or enforcement of the rights transferred to Secured Party under this Security Agreement.

5. New Trademarks. Borrower represents and warrants that, based on a diligent investigation by Borrower, the Trademarks listed on Schedule A constitute all of the federally registered Trademarks, and federal applications for registration of Trademarks (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) now owned by Borrower. If, before Borrower's Liabilities shall have been satisfied in full or before the Financing Agreements have been terminated, Borrower shall (i) become aware of any existing Trademarks of which Borrower has not previously informed Secured Party, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and Borrower shall give to Secured Party prompt written notice thereof. Borrower hereby authorizes Secured Party to modify this Security Agreement by amending Schedule A to include any such Trademarks.

6. Term. The term of this Security Agreement shall extend until the payment in full of Borrower's Liabilities and the termination of the Financing Agreements. Borrower agrees that upon the occurrence of an Event of Default, the use by Secured Party of all Trademarks shall be without any liability for royalties or other related charges from Secured Party to Borrower.

7. Product Quality. Borrower agrees to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices. Upon the occurrence of an Event of Default, Borrower agrees that Secured Party, or a conservator appointed by Secured Party, shall have the right to establish such additional product quality controls as Secured Party, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Borrower under the Trademarks.

8. Release of Security Agreement. This Security Agreement is made for collateral purposes only. Upon final, indefeasible payment in full of Borrower's Liabilities and termination of the Financing Agreements, Secured Party shall, upon Borrower's written request and at Borrower's expense, take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Financing Agreements

9. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Borrower. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by Secured Party in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Trademarks, in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks or in enforcing any rights or remedies hereunder, shall be borne by and paid by Borrower and until paid shall constitute Liabilities.

10. Duties of Borrower. Borrower shall have the duty (i) to file and prosecute diligently any Trademark applications pending as of the date hereof or hereafter until Borrower's Liabilities shall have been finally and indefeasibly paid in full and the Financing Agreements have been terminated, (ii) to preserve and maintain all rights in the Trademarks, as commercially reasonable and (iii) to ensure that the Trademarks are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with Borrower's Liabilities under this Section 10 shall be borne by Borrower.

11. Secured Party's Right to Sue. After an Event of Default, Secured Party shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Secured Party shall commence any such suit, Borrower shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement and Borrower shall promptly, upon demand, reimburse and indemnify Secured Party for all costs and expenses incurred by Secured Party in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Borrower, Agent and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Secured Party, any right, power or privilege hereunder or under the Financing Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

14. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney; Effect on Financing Agreements. All of Secured Party's rights and remedies with respect to the Trademarks, whether established hereby or by the Financing Agreements, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Borrower hereby authorizes Secured Party upon the occurrence of an Event of Default, to make, constitute and appoint any officer or agent of Secured Party as Secured Party may select, in its sole discretion, as Borrower's true and lawful attorney-in-fact, with power to (i) endorse Borrower's name on all applications, documents, papers and instruments necessary or desirable for Secured Party in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as Secured Party deems to be in the best interest of Secured Party, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone. Borrower hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Borrower's Liabilities shall have been paid in full and the Financing Agreements have been terminated. Borrower acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Secured Party under the Financing Agreements but rather is intended to facilitate the exercise of such rights and remedies. Secured Party shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Financing Agreements, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in California.

16. Borrower will, concurrently with the execution and delivery of this Security Agreement, execute and deliver to Secured Party three (3) originals of a Powers of Attorney in the form of Exhibit 1 attached hereto for the implementation of the assignment, sale or other disposition of the Trademarks pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party hereunder and under the Financing Agreements.

17. Binding Effect; Benefits. This Security Agreement shall be binding upon Borrower and its respective successors and assigns, and shall inure to the benefit of Secured Party, its successors, nominees and assigns.

18. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California and applicable federal law.

19. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

20. Further Assurances. Borrower agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Secured Party shall reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

21. Survival of Representations. All representations and warranties of Borrower contained in this Security Agreement shall survive the execution and delivery of this Security Agreement and shall be remade on the date of each borrowing under the Financing Agreements.

IN WITNESS WHEREOF, Borrower has duly executed this Security Agreement as of the date first written above.

AVANCE INTERNATIONAL, LLC

By


Peter Chang, President

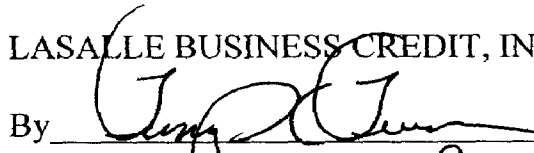
By


Mindy Do, Chief Executive Officer

Agreed and Accepted
As of the Date First Written Above

LASALLE BUSINESS CREDIT, INC.

By


Its Senior Vice President

SCHEDULE A**TRADEMARKS**

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Avance	75-465,624	04/10/98

SPECIAL POWER OF ATTORNEY

COUNTY OF LOS ANGELES)