

11-13-2002

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005)

RE 7



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

Tab settings

102278861

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

1. Name of conveying party(ies):

Western Bingo Supplies, Inc.

11-6-02

- 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: Contrarian Capital Management, LLC

Internal Address:

Street Address: 411 W. Putnam Avenue, Ste 225

City: Greenwich State: CT Zip: 06830

- 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

Execution Date: 08-30-2002

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

A. Trademark Application No.(s) 78-067889

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

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

Name: Richard L. Moss, Esq.

Internal Address: Kramer Levin Naftalis & Frankel, LLP

Street Address: 919 Third Avenue

City: New York State: NY Zip: 10022

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:

50-0540

FINANCIAL SECTION 11-05-2002

DO NOT USE THIS SPACE

9. Signature.

Richard L. Moss

Name of Person Signing

Richard L. Moss

Signature

11-05-2002

Date

Total number of pages including cover sheet, attachments, and document: 7

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

TRADEMARK REEL: 002615 FRAME: 0407

**SUBORDINATED TRADEMARK MORTGAGE**

THIS TRADEMARK MORTGAGE (this "Mortgage"), made as of the 30th day of August, 2002 is by and between WESTERN BINGO SUPPLIES, INC., a California corporation ("Western Bingo"), CONTRARIAN CAPITAL MANAGEMENT, LLC, a Delaware limited liability corporation, acting as agent (in such capacity, the "Agent") for the Contrarian Funds, LLC (and together with Agent, the "Contrarian Lenders").

W I T N E S S E T H

WHEREAS, pursuant to that certain Loan and Security Agreement of even date herewith among BK Entertainment, Inc., a Delaware corporation ("BK"), Western Bingo and Video King Gaming Systems, Inc., a Colorado corporation ("Video King" and with BK and Western Bingo, the "Borrowers"), Foothill Capital Corporation ("Foothill") and certain other Lenders from time to time party thereto (collectively with Foothill, "Foothill Lenders") (as the same may hereafter be amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), Foothill Lenders have agreed to make certain loans to Borrowers, and to extend certain other financial accommodations to or for the benefit of Borrowers;

WHEREAS, BK has executed and delivered a Subordinated Promissory Note (the "Note") to Agent in respect of the loan made by the Contrarian Lenders to BK which loan is being secured by a lien on the assets of BK and certain of its Subsidiaries which is subordinated to the Lien on such assets in favor of Foothill Lenders;

WHEREAS, Western Bingo, as a Subsidiary of BK, acknowledges the benefit it has received and continues to receive, due to the availability of such loan in favor of BK.

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Western Bingo and Agent, on behalf of itself and the Contrarian Lenders, agree as follows:

1. Incorporation of Security Agreement; Note Definitions. The Subordinated Security Agreement executed by Borrowers and certain other affiliates of Borrowers in favor of Contrarian, dated the date hereof (the "Security Agreement") and the provisions thereof are hereby incorporated herein in their entirety by this reference thereto. Capitalized terms used but not defined herein shall have the respective meanings given thereto in the Note or the Security Agreement.

2. Grant and Reaffirmation of Grant of Security Interest. To secure the complete and timely payment and satisfaction of the Obligations, Western Bingo hereby grants to Agent, on behalf of itself and the Contrarian Lenders, a continuing security interest in Western Bingo'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 in connection therewith, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof, and renewals thereof, and all income, royalties, damages and payments 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, and all rights corresponding to any of the foregoing throughout the world and the goodwill of Western Bingo's businesses connected with the use of and symbolized by the trademarks (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademarks").

3. New Trademarks. Western Bingo represents and warrants that the Trademarks listed on Schedule A constitute all of the federally registered Trademarks owned by Western Bingo as of the date hereof. If, before the Obligations shall have been satisfied in full and the Note has been terminated, Western Bingo shall obtain any new federally registered Trademarks, Western Bingo shall give Agent prompt written notice thereof. Western Bingo hereby agrees that, upon Agent's written request, Western Bingo will execute and deliver to Agent one or more supplements to this Mortgage, each in form and content substantially similar to this Mortgage, in respect of any and all new federally registered Trademarks owned by Western Bingo.

4. Term. The term of the security interests granted herein shall extend until the Obligations have been paid in full and the Note has been terminated in accordance with its terms.

5. Effect on Other Agreements; Cumulative Remedies. At any time an Event of Default exists or has occurred and is continuing, Agent shall have all rights and remedies provided in this Mortgage, the other Subordinated Loan Documents, the Uniform Commercial Code and other applicable law, all of which rights and remedies may be exercised without notice to or consent by Western Bingo, except as such notice or consent is expressly provided for hereunder or in the Loan Agreement or as required by applicable law. Western Bingo acknowledges and agrees that this Mortgage is not intended to limit or restrict in any way the rights and remedies of the Contrarian Lenders under the Note or the Security Agreement but rather is intended to supplement and facilitate the exercise of such rights and remedies. All of the rights and remedies of Agent with respect to the Trademarks, whether established hereby, by the Note, the Subordinated Loan Documents, by any other agreements, or by law, shall be cumulative and may be exercised singularly or concurrently.

6. Binding Effect; Benefits. This Mortgage shall be binding upon Western Bingo and its respective successors and assigns, and shall inure to the benefit of the Contrarian Lenders and their successors and assigns.

7. APPLICABLE LAW; SEVERABILITY. THIS MORTGAGE SHALL BE CONSTRUED IN ALL RESPECTS IN ACCORDANCE WITH, AND GOVERNED BY, ALL OF THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND BY THE OTHER INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAWS PROVISIONS) OF THE STATE OF NEW YORK. WHENEVER POSSIBLE, EACH

PROVISION OF THIS MORTGAGE SHALL BE INTERPRETED IN SUCH A MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS MORTGAGE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISIONS OR THE REMAINING PROVISIONS OF THIS MORTGAGE.

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

9. Further Assurances. Western Bingo agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Agent shall reasonably request from time to time in order to carry out the purpose of this Mortgage and the agreements set forth herein.

10. Survival of Representations. All representations and warranties of Western Bingo contained in this Mortgage shall survive the execution and delivery of this Mortgage.

11. Notices. Notices given hereunder shall be in compliance with Section 23 of the Note.

12. Subordination of this Mortgage. The parties hereto acknowledge and confirm that the terms and provisions of the Subordination Agreement are binding on each party hereto. Notwithstanding anything contained in this Mortgage, the Note or any other Subordinated Loan Document to the contrary, any and all rights and remedies of Agent and Contrarian Lenders are subject to the terms and conditions of the Subordination Agreement. In the event of a conflict between this Mortgage, on the one hand, and the Subordination Agreement, on the other hand, the terms and provisions of the Subordination Agreement shall govern.

13. Expenses. All expenses incurred in connection with the performance of any of the agreements set forth herein shall be borne by Western Bingo. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, incurred by the Contrarian Lenders 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 or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks shall be borne by and paid by Western Bingo and until paid shall constitute Obligations. In the event that any of such fees, costs and expenses are not paid when due, the amount due in respect thereof shall be added to the Total Principal Amount.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have duly executed this Subordinated Trademark Mortgage as of the date first above written.

WESTERN BINGO SUPPLIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_ DOUGLAS BYE  
Title: \_\_\_\_\_ SECRETARY

Accepted and Agreed to as of the date first written above:

CONTRARIAN CAPITAL MANAGEMENT, LLC,  
as Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CONTRARIAN FUNDS, LLC

By: CONTRARIAN CAPITAL MANAGEMENT, LLC, as Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly executed this Subordinated Trademark Mortgage as of the date first above written.

WESTERN BINGO SUPPLIES, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and Agreed to as of the date first written above:

CONTRARIAN CAPITAL MANAGEMENT, LLC,  
as Agent

By: Janice M. Stanton  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
JANICE M. STANTON  
MEMBER

CONTRARIAN FUNDS, LLC

By: CONTRARIAN CAPITAL MANAGEMENT, LLC, as Manager

By: Janice M. Stanton  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
JANICE M. STANTON  
MEMBER

**SCHEDULE A**

TRADEMARK REGISTRATIONS

<b>Trademark Description</b>	<b>U.S. Registration No.</b>	<b>Date Registered</b>
NONE		

TRADEMARK APPLICATIONS

<b>Trademark Application Description</b>	<b>U.S. Serial/Application No.</b>	<b>Date Applied</b>
QWICK TIPS	78-067889	06/07/01