

FORM PTO-1594 (Modified)
(Rev. 5-03)
OMB No. 1651-0011 (inc 4/94)
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Tab Settings

08-05-2002

Docket No.:

586.304



102178200

To the Honorable Commissioner of Patents

attached original documents or copy thereof.

1. Name of conveying party(ies):

T.I.S.S. Ltd.

05-07-02

- Individual(s)
- General Partnership
- Corporation-State California
- Other

- Association
- Limited Partnership

Additional names(s) of conveying party(ies) Yes No

3. Nature of conveyance:

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

Execution Date: April 18, 2002

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

Name: Dynasty Footwear, Ltd.

Internal Address:

Street Address: 800 N. Sepulveda Blvd.

City: El Segundo State: CA ZIP: 90245

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership

Corporation-State California

Other

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

(Designations must be a separate document from

Additional name(s) & address(es) Yes No

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

A. Trademark Application No.(s)

75/123,951

B. Trademark Registration No.(s)

2,075,898

2,075,989

Additional numbers

Yes No

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

Name: Thomas T. Chan

Internal Address: Chan Law Group LC

Street Address: P.O. Box 79159

City: Los Angeles State: CA ZIP: 90079

6. Total number of applications and registrations involved:

3

7. Total fee (37 CFR 3.41):.....\$ 40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

03-1366

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.

Thomas T. Chan

Name of Person Signing

Signature

4/25/02

Date

Total number of pages including cover sheet, attachments, and

?

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REEL: 002691 FRAME: 0842

4/23/02 16:14;

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LNFB & LOEB

Fax:310-282-2271

Apr 23 2002 16:11 P.07

From:

Apr 23 2002 15:12 P.07

T.I.S.S., Ltd.**800 N. Sepulveda Blvd.****El Segundo, California 90245****April 18, 2002**

**Dynasty Footwear, Ltd.
800 North Sepulveda Boulevard
El Segundo, California 90245
Attn: Jack Silvers**

Re: Security Agreement (All Assets)

Ladies and Gentlemen:

To secure the payment of our obligations to you under that certain Loan Commitment, dated as of April 18, 2002, by and between Dynasty Footwear, Ltd., a California corporation, and T.I.S.S., Ltd., a California corporation ("T.I.S.S."), and under that certain promissory note, dated April 18, 2002, payable to your order in the principal amount of U.S. \$103,500 (the "Note"), the undersigned hereby grants you a continuing lien and security interest in and to the property more particularly described on Exhibit "A" hereto (the "Property"), and all products and proceeds of all of the foregoing, (collectively, the "Collateral"). All obligations secured hereby are collectively referred to herein as the "Obligations".

We agree that from time to time, at our expense, we will, and will take affirmative steps to cause third parties to, execute, deliver and file such financing or continuation statements, or amendments thereto, and such other instruments and agreements, including, without limitation, control agreement and consent agreements, or notices, as may be necessary or desirable, or as you may request, in order to perfect and preserve the security interest granted or purported to be granted hereby. We hereby authorize you to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without our signature where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

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Apr 23 2002 16:12 P.08

From:

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Upon payment or performance in full of all of the Obligations, you will, at our request and expense, release the security interest granted herein and execute such termination statements as may be necessary therefor.

We hereby warrant to you that (i) we own the Property free and clear of all liens, restrictions and limitations, except those limitations and exclusions set forth on Exhibit "A" hereto; (ii) this Agreement has been duly authorized and constitutes our legal, valid and binding obligation enforceable against us in accordance with its terms; (iii) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either for the grant of a security interest by us in the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by us or for your exercise of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement or the Note; (iv) the grant of a security interest in the Collateral to you pursuant to this Agreement creates a valid and perfected first priority security interest in your favor in the Collateral securing the payment of the Note and the Obligations; and (v) there are no options, warrants, privileges or other rights outstanding pursuant to which any of the Collateral may be acquired.

We also agree that we will not transfer, assign or further encumber any of our rights in any of the Collateral except pursuant to this Agreement.

We will take such action as: execute and deliver, and will take affirmative steps to cause third parties to execute and deliver, such additional documents as you may request in connection with this Agreement or to enforce your rights hereunder. If we fail to take any such action or execute any such document, we hereby authorize you to do so in our name and on our behalf.

We hereby represent and warrant to you that there is no action, legal, administrative or other proceeding pending or threatened against our title to the Collateral or against our grant of a security interest therein hereunder, nor do we know of any basis for the assertion of any such claim.

We covenant that so long as any Obligation remains outstanding:

(i) Protection of Security and Legal Proceedings. We will, at our own expense, take any and all actions necessary to preserve, protect and defend your security interests in the Collateral and the perfection and priority thereof against all adverse claims, including appearing in and defending any and all actions and proceedings which purport to affect any of the foregoing. We will promptly reimburse you for all sums, including costs, expenses and actual attorneys' fees, which you may pay or incur in defending, protecting or enforcing your security interests in the Collateral or perfection or the priority thereof, or in discharging any prior or subsequent lien or adverse claim against the Collateral or any part thereof, or by reason of becoming or being made a party to or intervening in any action or proceeding affecting the Collateral or your rights therein, all of which actions we hereby agree that you will have the right to take in your sole and absolute discretion;

(ii) Delivery of Collateral. We shall, upon demand by you, deliver possession of any Collateral as to which your security interest need or may be perfected by, or the priority thereof

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From:

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need be assured by, in pledge to you, endorsed or accompanied by such instruments of assignment or transfer as you may specify and stamped or marked in such manner as you may specify;

(iii) Payment of Taxes. We shall pay or cause to be paid all taxes and other levies with respect to the Collateral when the same become due and payable;

(iv) Use and Maintenance of Collateral. We shall: (A) comply with all laws, statutes and regulations pertaining to our use and ownership of the Collateral and our conduct of our business; (B) properly care for and maintain all of the Collateral in good condition, free of misuse, abuse, waste and deterioration, reasonable wear and tear of intended use excepted; and (C) keep accurate and complete books and records pertaining to the Collateral in accordance with generally accepted accounting principles;

(v) Insurance. We shall, at our expense, keep the Collateral insured against loss by fire, theft and other extended coverage hazards for the full replacement value thereof. All such insurance shall be written by companies and on forms satisfactory to you;

(vi) Inspection. We shall give you such information as may be requested concerning the Collateral and shall at all reasonable times and upon reasonable notice permit you and your agents and representatives to enter upon any premises upon which the Collateral is located for the purpose of inspecting the Collateral. Furthermore, you shall at all reasonable times on reasonable notice have full access to and the right to audit any and all of our books and records pertaining to the Collateral; provided, however, that any such action which involves communicating with our customers shall be carried out by you through our independent auditors unless an event of default under the Note occurs and is continuing, in which case you shall then have the right directly to notify such obligors; and

(vii) Sale or Hypothecation of Collateral. We shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise sell, assign, transfer, exchange, lease, lend, or grant any option with respect to or dispose of any of the Collateral (other than inventory items sold or leased in the ordinary course of our business), or any of our rights therein, nor create or permit to exist any lien on or with respect to any of the Collateral, except for the lien in favor of you.

You and your permitted successors and assigns will have all of the rights, powers and privileges of a secured party under the California Uniform Commercial Code (the "Code") in force and effect from time to time with respect to the security interest granted by this Agreement. Upon the occurrence of any event of default under the Note, you may, after giving notice of your intention to do so, take any reasonable action which you may deem necessary for the maintenance, preservation and protection of any of the Collateral or your security interest therein, and you will retain all of your rights under the Code, including, without limitation, the right to transfer any of the Collateral into your name or the name of your nominee and to sell any of the Collateral at a public or private sale on such terms as you deem appropriate. At any such sale you may be the purchaser.

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From:

You will not be required to resort to or pursue any of your rights or remedies under or with respect to any other security for or guaranty of payment of any of the obligations secured by this Agreement before pursuing any of your rights or remedies under this Agreement.

This Agreement and your rights and obligations hereunder will be governed by and construed in accordance with the laws of the State of California. We agree that any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of California and of the United States having jurisdiction in the City and County of Los Angeles, State of California, and for the purpose of any such legal action or proceeding, we hereby waive any claim or defense that such forum is not convenient or proper. We agree that any such court shall have in personam jurisdiction over us and that service of process may be effected in any manner authorized by California law.

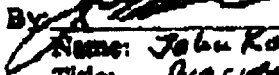
This Agreement will be binding upon the heirs, executors, administrators, successors and assigns of the undersigned.

THE UNDERSIGNED HEREBY WAIVE, AND COVENANT THAT THE UNDERSIGNED WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE SUBJECT MATTER HEREOF, ANY DOCUMENT RELATING HERETO OR ANY OBLIGATION, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING OR WHETHER IN CONTRACT OR IN TORT OR OTHERWISE.

If the foregoing is acceptable to you, please sign the enclosed copy of this letter in the space provided below, whereupon this letter will become an agreement between us as of the date first above written.

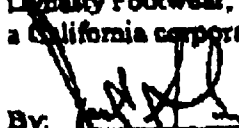
Very truly yours,

T.J.S.S., Ltd., a California corporation

By: 
Name: John Roo
Title: President

AGREED AND ACCEPTED:

Dynasty Footwear, Ltd.,
a California corporation

By: 
Name: JACK SILVERA
Title: PRESIDENT

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From:

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EXHIBIT "A"

DESCRIPTION OF COLLATERAL

The following property of T.I.S.S., wherever located, whether the same is now owned or hereafter created or acquired (the "Collateral"):

(a) all inventories and merchandise, including without limitation raw materials, work in process, finished products, goods in transit, materials used or consumed in the manufacture or production thereof, all wrapping, packaging, advertising and shipping materials (and all documents relating thereto), all labels and other devices, names and marks affixed or to be affixed thereto for the purpose of selling or identifying the same or the seller or manufacturer thereof, all supplies and containers relating to or used in connection with the foregoing, all goods in which T.I.S.S. has an interest in mass or an interest or right as a consignee and all goods which are returned to or repossessed by T.I.S.S., whether used or consumed in T.I.S.S.'s business, held for sale or lease, furnished under service contracts, or otherwise, and all bills of lading, warehouse receipts, documents of title or general intangibles (including, without limitation, commercial tort claims and payment intangibles) relating to any of the foregoing (collectively, the "Inventory");

(b) all goods, farm products, equipment, machinery, tools, tooling, molds, dies, jigs, motors, furniture, fixtures (whether or not attached to real property), furnishings, trade fixtures, motor vehicles and rolling stock, materials and parts and all other tangible personal property, all attachments, acccessions and property now or hereafter affixed to or used in connection with any of the foregoing, and all substitutes and replacements for any of the foregoing;

(c) all rights to the payment of money or other forms of consideration, accounts, payment intangibles, notes, accounts receivable, drafts, documents, chattel paper (including, without limitation, electronic chattel paper and tangible chattel paper), letter of credit rights, choses in action, undertakings, surety bonds, insurance policies, acceptances, federal, state and local tax refunds and all other forms of claims, demands, instruments and receivables, together with all guarantees, security agreements, leases and rights and interests securing the same and all right, title and interest of T.I.S.S. in the merchandise which gave or shall give rise thereto, including the right of stoppage in transit, replevin, reclamation, repossession and resale (collectively, the "Receivables");

(d) all agreements, contracts, leases, licenses, letters of credit, security agreements, indentures and purchase and sales orders of any kind whatsoever, all rights of T.I.S.S. thereunder, including all rights to purchase, lease, sell or otherwise acquire or deal with real or personal property and all warranty rights and contract rights of any nature, whether written or oral, and all consents or other authorizations relating thereto, to the extent assignable (collectively, the "Contracts");

(e) all licenses, permits, franchises, certificates and other governmental authorizations and approvals of any nature whatsoever, to the extent assignable (collectively, the "Licenses and Permits");

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From

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(f) all deposit accounts, including without limitation, all demand, time, savings, passbook, custodial, safekeeping, escrow or like accounts maintained by T.I.S.S. with any bank, savings and loan association, credit union or like organization, and all money, cash, cash equivalents, investment securities, deposits and prepayments of T.I.S.S. in any such deposit account (all of the foregoing being deemed to be in any such account as soon as the same is put in transit to such account by mail or other courier);

(g) all trademarks, trade names, trade styles service marks (and all prints and labels on which any of the foregoing appear), designs, letters patent of the United States or any other country, copyrights and other general intangibles (including, without limitation, commercial tort claims and payment intangibles) of a like nature, and all registrations, recordings, reissues, extensions, renewals, continuations, continuations-in-part and licenses thereof (including applications for registration and recording) and all goodwill associated with the foregoing;

(h) all other proprietary rights and confidential information, technology, processes, trade secrets, computer programs, source codes, software, customer lists, sales literature and catalogues, price lists, subscriber information, drawings, specifications, blueprints, telephone numbers, formulae, goodwill and all applications and registrations relating to any of the foregoing;

(i) all stocks, bonds, debentures, securities, financial assets, securities entitlements, securities accounts, commodity contracts, commodity accounts, subscription rights, options, warrants, puts, calls, certificates, partnership interests, joint venture interests, investments and/or brokerage accounts and all rights, preferences, privileges, dividends, distributions, redemption payments or liquidation payments with respect thereto (collectively, the "Investment Property");

(j) all files, correspondence, books and records of T.I.S.S., including without limitation, books of account and ledgers of every kind and nature, all electronically recorded data relating to the Collateral, T.I.S.S. or the business thereof, all computer programs, tapes, discs and data processing software containing the same, and all receptacles and containers for such records;

(k) all other goods, accounts, general intangibles (including, without limitation, commercial tort claims and payment intangibles), documents, instruments, causes of action, rights, interests and properties of every kind and description, tangible or intangible;

(l) all rights, remedies, powers and/or privileges of T.I.S.S. with respect to any of the foregoing, all rights in all litigation presently or hereafter pending for any cause or claim (whether in contract, tort or otherwise) and all judgments now or hereafter arising therefrom; and

(m) all proceeds, replacements, products, additions, accessions and substitutions of any of the foregoing.

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RECORDED: 03/14/2003

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