

02-19-2004

2-17-04

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



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

102673238

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

1. Name of conveying party(ies):

Parker Guitars, Inc. f/k/a Fishpark, Inc.

- 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: Lawrence R. Fishman Internal Address:

Street Address: 22 Calumet Road City: Winchester State: MA Zip: 01890

- Individual(s) citizenship U.S. Association General Partnership Limited Partnership Corporation-State 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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date:

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

A. Trademark Application No.(s)

75/697130 75/689048 75/686945

Additional number(s) attached Yes No

1077239 1077213 1077130 1,803,720 1,937,685 1,901,685

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

Name: Donald F. Farrell, Jr.

Internal Address:

Street Address: Anderson Aquino LLP 260 Franklin Street

City: Boston State: MA Zip: 02110

6. Total number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41): \$ 360

- 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.

Donald F. Farrell, Jr. Name of Person Signing

Signature

2/10/04 Date

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

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

02/18/2004 MBETACHE 00000034 75697130

01 FC:8521 02 FC:8522

40.00 OP 200.00 OP

2004 FEB 17 AM 7:30 OP/FINANCE

Refund Ref: 02/18/2004 MBETACHE 0000134126 CHECK Refund Total: \$120.00



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

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

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): Parker Guitars, Inc. f/k/a Fishpark, Inc.

Handwritten: 7.2.03

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

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: 6-25-2003

2. Name and address of receiving party(ies)

Name: Lawrence R. Fishman

Internal

Address:

Street Address: 22 Calumet Road

City: Winchester State: MA

Individual(s) citizenship U.S.

Association

General Partnership

Limited Partnership

Corporation-State

Other

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

OFFICE OF PUBLIC RECORDS FINANCE SECTION 2003 JUN -2 PM 3:27

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

A. Trademark Application No.(s)

75/697130

75/689048

75/686945

B. Trademark Registration No.(s)

1077239

1077213

1077130

1,803,720

1,937,685

1,901,685

Additional number(s) attached Yes No

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

Name: Donald F. Farrell, Jr.

Internal Address:

Street Address: Anderson Aquino LLP

260 Franklin Street

City: Boston State: MA Zip: 02110

6. Total number of applications and registrations involved: 9

7. Total fee (37 CFR 3.41): \$360.00

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.

Donald F. Farrell, Jr.

Name of Person Signing

Signature of Donald F. Farrell, Jr.

Signature

7/2/03

Date

Total number of pages including cover sheet, attachments, and document: 11

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

07/07/2003 ECOOPER 00000129 75697130

01 FC:8521 02 FC:8522

40.00 OP 200.00 OP

Refund Ref: 07/07/2003 ECOOPER 0000128737 CHECK REFUND TOTAL: \$120.00

SECURITY AGREEMENT

This SECURITY AGREEMENT is made and entered into as of this 25th day of June, 2003, by and between Parker Guitars, Inc. (f/k/a Fishpark, Inc.), a Massachusetts corporation with a principal place of business located in Wilmington, Massachusetts ("Borrower") and Lawrence R. Fishman, an individual residing in Winchester, Massachusetts ("Secured Party").

BACKGROUND

A. Borrower has requested that Secured Party extend credit to Borrower in the original amount of \$250,000.00.

B. The Borrower has previously executed and delivered to the Secured Party a promissory note dated as of April 26, 2002, pursuant to which Borrower became indebted to Secured Party in the original principal amount of \$1,069,983.64, of which the approximate principal amount of \$1,055,000.00 is presently outstanding (the "2002 Note").

C. Secured Party is willing to extend the requested credit pursuant to a promissory note (the "Note"), provided that the obligations under the Note and the 2002 Note are secured by a security interest in all of Borrower's assets.

D. Capitalized terms contained in Section 1 of this Agreement and used hereinafter shall have the meanings ascribed to them in the revised Article 9 of the Uniform Commercial Code as enacted in the Commonwealth of Massachusetts and in effect on the date hereof (the "Uniform Commercial Code"), unless the context requires otherwise. Other capitalized terms which are used herein without definition shall have the meanings ascribed to them herein. The Note, the 2002 Note, this Security Agreement, the Patent and Patent Application Security Agreement executed in connection with this transaction, and any other document executed in connection with this transaction may hereafter be referred to collectively as the "Loan Documents".

NOW, THEREFORE, intending to be legally bound, the Borrower and the Secured Party hereby agree as follows:

Section 1. Creation of Security Interest. The Borrower hereby grants to the Secured Party a lien and security interest in and to the property hereinafter described, whether now owned or hereafter acquired or arising, and wherever located (the "Collateral"):

All tangible and intangible personal property of the Borrower, including but not limited to all of the Borrower's present and future right, title and interest in and to any and all of the following property, whether such property be now existing or hereafter created:(a)All inventory. For purposes hereof, "Inventory" shall include, without limitation, any and all goods, wares, merchandise and other tangible personal property, including raw materials, work in process, supplies and components, and finished goods, whether held by the Borrower for sale or other disposition, and also including any returned or repossessed Inventory or Inventory detained from or rejected for entry into the United States by the appropriate governmental authorities, all products of and accessions to Inventory and including documents of title, whether negotiable or non-negotiable, representing any of the foregoing.

(b) All accounts receivable, contract rights, and chattel paper, regardless of whether or not they constitute proceeds of other Collateral. For purposes hereof, "Contract Rights" or "contract rights" means rights of the Borrower to payment under contracts not yet earned by performance and not evidenced by instruments or chattel paper.;

Parker Guitars - Fishman Security Agreement

(c) All general intangibles, regardless of whether or not they constitute proceeds of other Collateral, including, without limitation, all the Borrower's rights (which the Secured Party may exercise or not as he in his sole discretion may determine) to acquire or obtain goods and/or services with respect to the manufacture, processing, storage, sale, shipment, delivery or installation of any of the Borrower's Inventory or other Collateral;

(d) All products of and accessions to any of the Collateral;

(e) All liens, guaranties, securities, rights, remedies and privileges pertaining to any of the Collateral, including the right of stoppage in transit;

(f) All obligations owing to the Borrower of every kind and nature, and all choses in action;

(g) All tax refunds of every kind and nature to which the Borrower is now or hereafter may become entitled no matter however arising, including, without limitation, loss carry back refunds;

(h) All goodwill, trade secrets, computer programs, customer lists, trade names, trademarks and patents;

(i) All documents and instruments (whether negotiable or non-negotiable, and regardless of their being attached to chattel paper);

(j) All Equipment, including, without limitation, machinery, furniture, trade fixtures and all other goods used in the conduct of the Borrower's business;

(k) All proceeds of Collateral of every kind and nature and in whatever form, including, without limitation, both cash and noncash proceeds resulting or arising from the rendering of services by the Borrower or the sale or other disposition by the Borrower of the Inventory or other Collateral;

(l) All books and records relating to the conduct of the Borrower's business including, without in any way limiting the generality of the foregoing, those relating to its accounts;

(m) All deposit accounts maintained by the Borrower with any bank, trust company, investment firm or fund, or any similar institution or organization; and

(n) All licenses.

The Borrower hereby represents and warrants that the Borrower does not have any Commercial Tort Claim. If the Borrower shall at any time, after the date of this Security acquire a Commercial Tort Claim, the Borrower shall immediately notify the Secured Party in a writing signed by the Borrower of the brief details thereof and grant to the Secured Party in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

Section 2. Secured Obligations. The security interest created herein is given as security for the prompt payment, performance, satisfaction and discharge of the following obligations (the "Obligations") of the Borrower:

(a) To pay the principal, interest, fees, costs and any other liabilities pursuant to the Note and the 2002 Note;

(b) To satisfy all of the other liabilities of the Borrower to the Secured Party, whether now existing or hereafter incurred, whether or not evidenced by any note or other instrument, matured or unmatured, direct, absolute or contingent, joint or several, including any extensions, modifications, renewals thereof and substitutions therefor;

(c) To repay the Secured Party all amounts advanced by the Secured Party hereunder or otherwise on behalf of the Borrower, including, but without limitation, advances for

principal or interest payments to prior secured parties, mortgagors or lienors, or for taxes, levies, insurance, rent, wages, repairs to or maintenance or storage of any Collateral; and

(d) To reimburse the Secured Party, on demand, for all of the Secured Party's expenses and costs, including the reasonable fees and expenses of his counsel, in connection with the negotiation of this credit extension, including, without limitation, the negotiation of any preceding prospective credit facility, the negotiation, preparation, administration, amendment, modification, or enforcement of this Security Agreement, and any of the Loan Documents and other related documents.

Section 3. Representations and Warranties. The Borrower, as of the date hereof and at the time of each advance or extension of credit under the Loan Agreement, represents and warrants as follows:

3.01 Good Title to Collateral. The Borrower has good and marketable title to the Collateral free and clear of all liens and encumbrances other than the security interests granted to the Secured Party hereunder and those liens and encumbrances set forth in Exhibit A to this Security Agreement.

3.02 Organization. The Borrower is a corporation organized under the laws of the Commonwealth of Massachusetts. The Borrower's exact legal name is as set forth in the first paragraph of this Security Agreement. If the form of organization of the Borrower does not require registration with any governmental authority to come into existence, the places of business of the Borrower are as set forth on Exhibit B and, if the Borrower has more than one place of business, the chief executive offices of the Borrower are at the address set forth in Exhibit B or at the location(s) hereafter disclosed to the Secured Party pursuant to Section 5.11 hereof.

3.03 Filings of Record. Except as set forth on Exhibit C to this Security Agreement, no financing statement covering any of the Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement.

3.04 Other Representations. Each representation, warranty or other statement by the Borrower in, or in connection with, any of the other Loan Documents is true and correct and states all material facts necessary to make it not misleading.

Section 4. Collection, Disposition and Use of Collateral.

4.01 Accounts. The Secured Party hereby authorizes the Borrower to collect all Accounts from the Account Debtors. The Proceeds of Accounts so collected by the Borrower shall be received and held by the Borrower in trust for the Secured Party but may be applied by the Borrower in its discretion towards payment of the Obligations or other appropriate business purposes. Upon the occurrence of a Default (as hereinafter defined), the authority hereby given to the Borrower to collect the Proceeds of Accounts in trust for the Secured Party may be terminated by the Secured Party at any time and Secured Party shall have the right at any time thereafter, acting if he so chooses in the Borrower's name, to collect Accounts, to sell, assign, compromise, discharge or extend the time for payment of any Account, and to do all acts and things necessary or incidental thereto and the Borrower hereby ratifies all such acts. Upon the occurrence of a Default, at the Secured Party's request, the Borrower will notify Account Debtors and any guarantor thereof that the Accounts payable by such Account Debtors have been assigned to the Secured Party and shall indicate on all billings to Account Debtors that payments thereon are to be made to the Secured Party.

4.02 Inventory. So long as there has been no Default hereunder, the Borrower shall be permitted to process and sell its Inventory, but only to the extent that such processing and sale are conducted in the ordinary course of the Borrower's business.

4.03 Equipment. So long as there has been no Default hereunder, the Borrower shall be permitted to use its Equipment in the ordinary course of its business. No sale, lease or other disposition of any item of Equipment valued at more than \$10,000.00 shall be permitted, except in accordance with such terms and conditions as the Secured Party shall have expressly approved in writing and except for the sale or other disposition of obsolete Equipment which is no longer used or useful in the Borrower's business.

Section 5. Covenants and Agreements of the Borrower.

5.01 Maintenance and Inspection of Books and Records. The Borrower shall maintain complete and accurate books and records and shall make all necessary entries therein to reflect the costs, values and locations of its Inventory and Equipment and the transactions and documents giving rise to its Accounts and all payments, credits and adjustments thereto. The Borrower shall keep the Secured Party fully informed as to the location of all such books and records and shall permit the Secured Party and his authorized agents to have full, complete and unrestricted access thereto at any reasonable time and to inspect, audit and make copies, at the Borrower's cost, of all books and records, data storage and processing media, software, printouts, journals, orders, receipts, invoices, correspondence and other documents and written or printed matter related to any of the Collateral. The Secured Party's rights hereunder shall be enforceable at law or in equity, and the Borrower consents to the entry of judicial orders or injunctions enforcing specific performance of such obligations hereunder.

5.02 Confirmation of Accounts. The Borrower agrees that the Secured Party shall at all times have the right to confirm orders and to verify any or all of the Borrower's Accounts in the Secured Party's name, or in any fictitious name used by the Secured Party for verifications, or through any public accountants.

5.03 Delivery of Accounts Documentation. At such intervals as the Secured Party shall require, the Borrower shall deliver to the Secured Party copies of purchase orders, invoices, contracts, shipping and delivery receipts and any other document or instrument which evidences or gives rise to an Account.

5.04 Physical Inspection of Goods, Inventory and Equipment. The Borrower

shall permit the Secured Party and his authorized agents to inspect any or all of the Borrower's Goods, Inventory and Equipment at all reasonable times.

5.05 Notice of the Secured Party's Interests. If requested by the Secured Party, the Borrower shall give notice of the Secured Party's security interests in the Collateral to any third person with whom the Borrower has any actual or prospective contractual relationship or other business dealings.

5.06 Accounts Aging. The Borrower shall furnish the Secured Party with aging of its Accounts in such form and detail and at such intervals as the Secured Party may from time to time require.

5.07 Government Accounts. The Borrower shall immediately provide written notice to the Secured Party of any and all Accounts which arise out of contracts with the United States or any department, agency or instrumentality thereof, and shall, upon written request from the Secured Party, execute and deliver to the Secured Party an assignment of claims for such Accounts and cooperate with the Secured Party in taking any other steps required, in the Secured Party's judgment, to perfect or continue the perfected status of the Secured Party's security interest in such Accounts and proceeds thereof under the Federal Assignment of Claims Act.

5.08 Insurance of Collateral. The Borrower shall keep its Inventory and Equipment insured against such perils, in such amounts and with such insurance companies as the Secured Party may require. All insurance policies shall name the Secured Party as lender loss payee and shall provide for not less than thirty (30) days' advance notice in writing to the Secured Party of any cancellation thereof. The Secured Party shall have the right (but shall be under no obligation) to pay any of the premiums on such insurance. Any premiums paid by the Secured Party shall, if the Secured Party so elects, be considered an advance and shall be payable on demand. Any credit insurance covering Accounts shall name the Secured Party as loss payee. The Borrower expressly authorizes its insurance carriers to pay proceeds of all insurance policies covering any or all of the Collateral directly to the Secured Party.

5.09 Existence. The Borrower shall preserve its existence and not merge into or consolidate with any other entity, or sell all or substantially all of its assets without the prior written consent of the Secured Party. The Borrower shall not change the state of its organization, its name, place of business or chief executive office without obtaining the prior written consent of the Secured Party.

5.10 Perfection of Secured Party's Interests.

(a) The Borrower agrees to cooperate and join, at its expense, with the Secured Party in taking such steps as are necessary, in the Secured Party's judgment, to perfect or continue the perfected status of the security interests granted hereunder, including, without limitation, the execution and delivery of any financing statements, amendments thereto and continuation statements, the delivery of Chattel Paper, Documents or Instruments to the Secured Party, the obtaining of landlords' and mortgagees' waivers required by the Secured Party, the notation of encumbrances in favor of the Secured Party on certificates of title, and the execution and filing of any collateral assignments and any other instruments requested by the Secured Party to perfect his security interest in any and all of the Borrower's General Intangibles.

(b) The Secured Party may at any time and from time to time, file

Parker Guitars - Fishman Security Agreement

financing statements, continuation statements and amendments thereto that describe the Collateral in particular or as all assets of the Borrower or words of similar effect and which contain any other information required by the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether the Borrower is an organization, the type of organization and any organization identification number issued to the Borrower. The Borrower agrees to furnish any such information to the Secured Party promptly upon request. Any such financing statements, continuation statements or amendments may be signed by the Secured Party on behalf of the Borrower, and may be filed at any time in any jurisdiction whether or not Revised Article 9 of the Uniform Commercial Code is then in effect in that jurisdiction.

(c) The Borrower shall, at any time and from time to time, take such steps as the Secured Party may require for the Secured Party, (i) to obtain an acknowledgment, in form and substance satisfactory to the Secured Party, of any third party having possession of any of the Collateral that the third party holds such Collateral for the benefit of the Secured Party, (ii) to obtain "control" (as described in the Uniform Commercial Code) of any Investment Property, Deposit Accounts, Letter-of-Credit Rights or Electronic Chattel Paper, with any agreements, establishing control to be in form and substance satisfactory to the Secured Party, and (iii) otherwise to insure the continued perfection and priority of the Secured Party's security interest in any of the Collateral and of the preservation of its rights therein.

5.11 Maintenance of Goods, Inventory and Equipment. The Borrower shall care for and preserve the Goods, Inventory and Equipment in good condition and repair, and will pay the cost of all replacement parts, repairs to and maintenance of the Goods and Equipment. The Borrower will keep complete and accurate maintenance records with respect to its Equipment.

5.12 Notification of Adverse Change in Collateral. The Borrower agrees immediately to notify the Secured Party if (a) any Account Debtor refuses to retain or returns any Goods, the sale or delivery of which gave rise to an Account; (b) any Account has arisen pursuant to a sale under terms which differ materially from those customarily offered by the Borrower; or (c) any event occurs or is discovered which would cause any material diminution in the value of any significant item or type of Collateral.

5.13 Reimbursement and Indemnification. The Borrower agrees to reimburse the Secured Party on demand for out-of-pocket expenses incurred in connection with the Secured Party's exercise of his rights under this Security Agreement. The Borrower agrees to indemnify the Secured Party and hold him harmless against any costs, expenses, losses, damages and liabilities (including reasonable attorney's fees and court costs) incurred in connection with the credit facility, this Security Agreement or any other of the Loan Documents, other than as a direct result of the Secured Party's gross negligence or willful misconduct.

Section 6. Power of Attorney. The Borrower hereby appoints the Secured Party as its lawful attorney-in-fact to do, at the Secured Party's option, and at the Borrower's expense and liability, all acts and things which the Secured Party may deem necessary or desirable to effectuate his rights under this Security Agreement, including without limitation, (a) file financing statements and otherwise perfect any security interest granted hereby, (b) correspond and negotiate directly with insurance carriers, (c) upon the occurrence of a Default hereunder, receive, open and dispose of in any reasonable manner all mail addressed to the Borrower and notify Postal Service authorities to change the address for mail addressed to the Borrower to an address designated by the Secured Party, (d) upon the occurrence of a Default hereunder,

communicate with Account Debtors and other third parties for the purpose of protecting or preserving the Collateral, and (e) upon the occurrence of a Default hereunder, in the Borrower's or the Secured Party's name, to demand, collect, receive, and receipt for, compound, compromise, settle and give acquittance for, and prosecute and discontinue or dismiss, with or without prejudice, any suit or proceeding respecting any of the Collateral.

Section 7. Default. The occurrence of any one or more of the following shall be a default ("Default") hereunder:

7.01 Default Under Note. The occurrence of an Event of Default under the Loan Agreement or any of the other Loan Documents.

7.02 Failure to Observe Covenants. The failure of the Borrower to keep, observe or perform any provisions of the Note, the 2002 Note, this Security Agreement, or any of the Loan Documents, which failure is not cured and remedied within fifteen (15) days after written notice thereof is received by the Borrower.

Section 8. Secured Party's Rights Upon Default. Upon the occurrence of a Default hereunder, or at any time thereafter, the Secured Party may immediately and without notice pursue any remedy available at law or in equity to collect, enforce or satisfy any Obligations, including, any or all of the following, which rights and remedies are cumulative, may be exercised from time to time, and are in addition to any rights and remedies otherwise available to the Secured Party:

8.01 Uniform Commercial Code Rights. Exercise any and all of the rights and remedies of a secured party under the Uniform Commercial Code, including the right to require the Borrower to assemble the Collateral and make it available to the Secured Party at a place reasonably convenient to the parties.

8.02 Operation of Collateral. Operate, utilize, recondition and/or refurbish (at the Secured Party's sole option and discretion and in any manner) any of the Collateral which is Equipment, for the purpose of enhancing or preserving the value thereof or the value of any other Collateral.

8.03 Collection Rights. Enforce the obligations of an Account Debtor or other person obligated on Collateral and exercise the rights of the Borrower with respect to the obligation of the Account Debtor or other person obligated on Collateral to make payment or otherwise render performance to the Borrower. Notify the Account Debtors or other person obligated on Collateral that payments are to be made directly to the Secured Party, or to such post office box as the Secured Party may direct. The Borrower shall not compromise, discharge, extend the time for payment or otherwise grant any indulgence or allowance with respect to any Account without the prior written consent of the Secured Party.

8.04 Sale of Collateral. Upon ten (10) calendar days' prior written notice to the Borrower, which the Borrower hereby acknowledges to be sufficient, commercially reasonable and proper, sell, lease or otherwise dispose of any or all of the Collateral at any time and from time to time at public or private sale, with or without advertisement thereof and apply the proceeds of any such sale first to the Secured Party's expenses in preparing the Collateral for sale (including reasonable attorneys' fees), second to the complete satisfaction of the Obligations and third, as required by the Uniform Commercial Code. The Borrower waives the benefit of any

Parker Guitars - Fishman Security Agreement

marshalling doctrine with respect to the Secured Party's exercise of his rights hereunder. The Borrower grants a royalty-free license to the Secured Party for all patents, service marks, trademarks, tradenames, copyrights, computer programs and other intellectual property and proprietary rights sufficient to permit Secured Party to exercise all rights granted to Secured Party under this Section.

8.05 Set-Off. The Secured Party shall have the right, in addition to all other rights and remedies available to them, without notice to the Borrower, to apply toward and set-off against and apply to the then unpaid balance of the Obligations any items or funds held by the Secured Party, any and all deposits (whether general or special, time or demand, matured or unmatured, fixed or contingent, liquidated or unliquidated) now or hereafter maintained by the Borrower for its own account with the Secured Party, and any other indebtedness at any time held or owing by the Secured Party to or for the credit or the account of the Borrower. For such purpose the Secured Party shall have, and the Borrower hereby grants to the Secured Party, a first lien on all such deposits. The Secured Party is hereby authorized to charge any such account or indebtedness for any amounts due to the Secured Party. Such right of set-off shall exist whether or not the Secured Party shall have made any demand under this Security Agreement, or any other Loan Document, and whether or not the other Obligations are matured or unmatured. The Borrower hereby confirms the Secured Party's lien on such accounts and right of set-off, and nothing in this Security Agreement shall be deemed any waiver or prohibition of such lien and right of set-off.

Section 9. Notices. Every notice and communication under this Security Agreement shall be in writing and shall be given by either (i) hand-delivery, (ii) first class mail (postage prepaid), (iii) reliable overnight commercial courier (charges prepaid), or (iv) telecopy or other means of electronic transmission, if confirmed promptly by any of the methods specified in clauses (i), (ii) and (iii) of this sentence, to the following addresses:

If to the Borrower:
Parker Guitars, Inc.
340-D Fordham Road
Wilmington, MA 01887
Facsimile: 978-988-0104
ATTN: Drew Hannah, President

With a copy to:
F. Kingston Berlew, Esq.
Cider Hill Road
York, ME

Facsimile: 207-363-2298

If to the Secured Party:
Lawrence R. Fishman
22 Calumet Road
Winchester, MA 01890

With a copy to:
Donald F. Farrell, Jr., Esq.
Anderson Aquino LLP
260 Franklin Street
Boston, MA 02110
617-439-0400

Notice given by telecopy or other means of electronic transmission shall be deemed to have been given and received when sent. Notice by overnight courier shall be deemed to have

been given and received on the date scheduled for delivery. Notice by mail shall be deemed to have been given and received three (3) calendar days after the date first deposited in the United States Mail. Notice by hand delivery shall be deemed to have been given and received upon delivery.

A party may change its address by giving written notice to the other party as specified herein.

Section 10. Miscellaneous.

10.01 No Waiver. No delay or omission by the Secured Party in exercising any right or remedy hereunder shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any further exercise thereof or the exercise of any other right or remedy.

10.02 Preservation of Rights. The Secured Party shall have no obligation or responsibility to take any steps to enforce or preserve rights against any parties to any Account and such obligation and responsibility shall be those of the Borrower exclusively.

10.03 Successors. The provisions of this Security Agreement shall inure to the benefit of and be binding upon the Secured Party and the Borrower and their respective successors and assigns, provided that the Borrower's obligations hereunder may not be assigned without the written consent of the Secured Party.

10.04 Amendments. No modification, rescission, waiver, release or amendment of any provisions of this Security Agreement shall be effective unless set forth in a written agreement signed by the Borrower and an authorized officer of the Secured Party.

10.05 Governing Law. This Security Agreement shall be construed under the internal laws of the Commonwealth of Massachusetts without reference to conflict of laws principles.

10.06 Severability. If any provision of this Security Agreement shall be held invalid or unenforceable under applicable law in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of such provision in any other jurisdiction or the validity or enforceability of any other provision of this Security Agreement that can be given effect without such invalid or unenforceable provision.

10.07 Judicial Proceedings. Each party to this Security Agreement agrees that any suit, action or proceeding, whether claim or counterclaim, brought or instituted by any party hereto or any successor or assign of any party, on or with respect to this Security Agreement or the dealings of the parties with respect hereto, shall be tried only by a court and not by a jury. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, each party waives any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. THE BORROWER ACKNOWLEDGES AND AGREES THAT THIS PARAGRAPH IS A SPECIFIC AND MATERIAL ASPECT OF THIS SECURITY AGREEMENT AND THAT THE Secured Party WOULD NOT EXTEND CREDIT TO THE BORROWER IF THE WAIVERS SET FORTH IN THIS PARAGRAPH WERE NOT A PART OF THIS SECURITY AGREEMENT.

Parker Guitars - Fishman Security Agreement

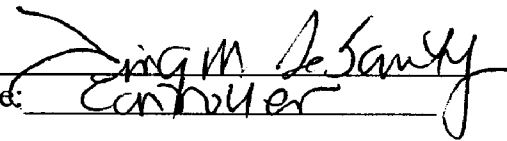
10.08 Acknowledgment. THIS SECURITY AGREEMENT CONTAINS A POWER OF ATTORNEY COUPLED WITH AN INTEREST AND IS FOR THE SOLE BENEFIT OF THE SECURED PARTY. THIS SECURITY AGREEMENT IS BEING EXECUTED IN CONNECTION WITH A LOAN OR OTHER FINANCIAL TRANSACTION FOR BUSINESS PURPOSES AND NOT PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. THE SECURED PARTY, AS AGENT FOR THE BORROWER, UNDER THE POWER OF ATTORNEY, IS NOT A FIDUCIARY FOR THE BORROWER, IN EXERCISING ANY OF ITS RIGHTS OR POWERS PURSUANT TO THE POWER OF ATTORNEY, MAY DO SO FOR THE SOLE BENEFIT OF THE SECURED PARTY AND NOT FOR THE BORROWER.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed and delivered by their authorized officers the day and year first above written.

PARKER GUITARS, INC.

By:

Title:


Controller

LAWRENCE R. FISHMAN

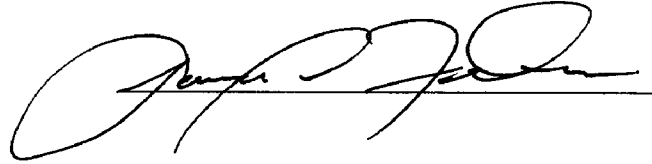


EXHIBIT A

OTHER LIENS AND ENCUMBRANCES

Textron Floor Plan Agreement dated April 18, 2000

Parker Guitars - Fishman Security Agreement

- 11 -

EXHIBIT B

Location of books and records:

340-D Fordham Road, Wilmington, MA

Location of chief executive office:

340-D Fordham Road, Wilmington, MA

Location of Inventory and Equipment:

226 Andover Street, Wilmington, MA

EXHIBIT C

FILINGS OF RECORD

1. Colpelco Capital - forklift lease - approximately \$3,000 balance;
2. ORIX Financial Services, Inc - 2 filings for manufacturing equipment. Original lease amount of \$53,200.00. Paid in full in July, 2002.

Parker Guitars - Fishman Security Agreement

- 13 -