

8-16-04



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To the Honorable Commissioner of Patents and Trademarks, U.S. Patent and Trademark Office

Send original documents or copy thereof.

1. Name of conveying party(ies):

Dynacraft Industries, Inc.
Kerner Boulevard
San Rafael, CA 94901

- Individual(s)
- General Partnership
- Corporation-State: Massachusetts
- Other _____

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

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

Name: The CIT Group/Commercial Services, Inc.

Internal Address: _____

Street Address: 1211 Avenue of the Americas

City: New York State: NY ZIP: 10036

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

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 conveyances:

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

Execution Date: June 30, 2004

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

A. Trademark Application.(s)
SEE ATTACHED SCHEDULE A

B. Trademark registration No.(s)
SEE ATTACHED SCHEDULE A

Additional numbers attached? Yes No

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

Name: Federal Research Corporation

Internal Address: _____

Street Address: 400 Seventh Avenue, N.W., Suite 101

City: Washington State: DC ZIP: 20004

6. Total number of applications and registrations involved: 150

7. Total fee (37 CFR 3.41): \$ 3765.00

- 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

Stephen I Brecher

Name of Person Signing

Signature

August 10, 2004

Date

08/17/2004 LNUELLER 00000006 1932673

Total number of pages including coversheet, attachments and document: 14

01 FC:0521
02 FC:0522

Mail documents to be recorded with required coversheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231
40.00 OP
3725.00 OP

SCHEDULE A
TO GRANT OF SECURITY INTEREST IN PATENTS, TRADEMARKS AND LICENSES
between
DYNACRAFT INDUSTRIES, INC, a Massachusetts corporation
and
THE CIT GROUP/COMMERCIAL SERVICES, INC.

TRADEMARKS

	<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
United States			
	ABCYCLE & Design	R- 1,932,673	11/07/95
	AFTERSHOK	R-2,195,292	10/13/98
	AIR BLAST	A-78/158,348	08/27/02
	AIR TENSION	R-2,196,610	10/13/98
	ALPINE EAGLE	R-1,461,817	10/20/87
	ANIALATOR	R-2,101,958	09/30/97
	ANZA	R-2,117,786	12/02/97
	BARE BONES	R-1,905,567	07/18/95
	BEDAZZLED	R-1,846,191	07/19/94
	BEAR ESSENTIALS	R-2,046,141	03/18/97
	BLADE	R-2,258,322	07/06/99
	BLAST ZONE	R-1,920,831	09/19/95
	BOLD	A-76/366,347	02/04/02
	BREAKPOINT	R-1,732,875	11/17/92
	BULGE	R-2,561,837	04/16/02
	BUSTED	R-2,688,485	02/18/03
	BUSTER MX	R-2,594,117	07/16/02
	B-WILD	R-2,562,525	04/16/02
	CANNED	R-2,566,199	04/30/02

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TRADEMARK
REEL: 003025 FRAME: 0012

	<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
	CANYON ROADS	R- 2,564,336	04/23/02
	CATAPULT	R-2,400,988	10/31/00
	CHARMER	R-2,336,192	03/28/00
	CLIFF RUNNER	R-2,414,398	12/19/00
	CLUTCH	R-2,605,906	08/06/02
	D & Design	R-2,422,102	01/16/01
	DAGGER	R-2,160,445	05/26/98
	DECOY	R-2,580,247	06/11/02
	DEKRA	R-2,392,346	10/03/00
	DIGG'N DINO	R-2,153,705	04/28/98
	DIRT JUMPER	R-2,624,500	09/24/02
	DIRT STORM	R-2,642,445	10/29/02
	DIRT ZASTER	R-1,872,411	01/10/95
	DOUBLE DIVIDE	R-2,009,131	10/15/96
	DYNACRAFT	R-1,421,836	12/23/86
	ECHO RIDGE	R-1,871,235	01/03/95
	ELECTROSHOCK	R-2,220,985	01/26/99
	EQUATOR	R-2,311,902	01/25/00
	EXHAUST	A-76/138,932	10/02/00
	FLIP 400	R-1,999,726	09/10/96
	FUGATIVE	R-1,579,976	01/30/90
	GIRL TALK	R-2,060,029	05/06/97
	GLACIER POINT	R-1,882,070	03/07/95
	GLAMOUR GIRL	R- 1,971,383	04/30/96
	GLAMOUROUS	R-1,793,594	09/21/93

	Trademark	App./Reg. Number	App./Reg. Date
	GLITZ & GLAMOUR	R-1,999,724	09/10/96
	GRAND LEDGE	R-2,154,918	05/05/98
	GREAT DIVIDE	R-1,697,527	06/30/92
	HIGH FASHION	R-1,926,393	10/10/95
	HOCUS POCUS	R-2,414,112	12/19/00
	IMPOSTER	A-76/198,000	01/22/01
	INVADER	A-76/411,575	05/23/02
	ISLAND BREEZE	R-1,918,798	09/12/95
	JAZZY CATS	R-2,038,936	02/18/97
	JEWELS & PEARLS	R-2,483,590	08/28/01
	KEEPSAKES	R-2,562,461	04/16/02
	KID'S CLASSIC	R-2,489,403	09/11/01
	KRUSHER	R-2,705,389	04/08/03
	LADY N PINK	R-1,907,272	07/25/95
	LOOK'N GOOD	R-1,998,264	09/03/96
	MAGNA GEAR	R-2,015,894	11/12/98
	MAJESTIC	R-2,246,526	05/18/99
	MAJOR DAMAGE	R-1,830,282	04/12/94
	MALIBU	R-1,447,364	07/14/87
	MAUI MISS	R-1,823,686	02/22/94
	MAXX TRAX	R-2,060,017	05/06/97
	MEDIEVAL MADNESS	R-2,105,602	10/14/97
	MISFIT	A-76/147,688	10/16/00
	MISTY	R-1,893,066	05/09/95
	MODERN CRAZE	R-1,998,269	09/03/96

	<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
	MOLTEN	R-2,369,380	07/18/00
	MOUNTAIN EAGLE	R-1,701,666	07/21/92
	MTN TAMER	R-1,936,707	11/21/95
	MTN. RIDGE	R-2,454,083	05/22/01
	MYSTICAL PASSION	R-2,109,247	10/28/97
	NEXT	R-2,076,524	07/01/97
	NO MORE BORING BIKES	R-2,022,168	12/10/96
	NORTHERN CASCADE	R-2,422,176	01/16/01
	NORTHERN RIDGE	R-1,937,308	11/21/95
	OASIS	R-2,038,923	02/18/97
	OBSIDION	R-2,414,731	12/19/00
	OUTCAST	R-2,504,667	11/06/01
	OUTREACH	R-1,711,544	09/01/92
	OZONE 500	R-2,308,953	01/18/00
	PAINKILLER	R-2,371,678	07/25/00
	PARADISE COVE	R-2,103,442	10/07/97
	PRECIOUS PEARLS	R-2,008,470	10/15/96
	PRETTY IN PINK	R-2,007,225	10/08/96
	PROSLAMMER	R-2,149,335	04/07/98
	PULSE	R-2,105,486	10/14/97
	PUPPY FUN	R-2,291,103	11/09/99
	RAZOR X	R-2,311,177	01/25/00
	REBOUND	R-1,997,003	08/27/96
	RED CANYON	R-1,849,206	08/09/94
	RED RIDGE	R-1,843,591	07/05/94

	<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
	REFUGE	R-2,223,270	02/09/99
	RETZAR	R-2,515,368	12/04/01
	RHINO	R-2,211,547	12/15/98
	RHINO & DESIGN	R-2,316,706	02/08/00
	RIP CLAW	R-2,186,840	09/01/98
	RIP CURL	R-1,880,527	02/28/95
	RIP TIDE	R-2,456,462	05/29/01
	RIP TRAXX	A-76/237,959	04/03/01
	ROAD BLOCK	R-1,842,862	07/05/94
	ROAD IMPRESSIONS	R-1,440,544	05/26/87
	SANDY TRAILS	R-1,815,819	01/11/94
	SAPPHIRE	R-2,548,400	03/12/02
	SCREAMER	R-1,928,493	10/17/95
	SHAKE DOWN	R-2,641,008	10/22/02
	SHALE	R-1,640,402	04/09/91
	SHEER FUN	R-1,584,540	02/27/90
	SHOCK ZONE	R-2,392,233	10/03/00
	SHOCKEDGE	R-2,450,218	05/08/01
	SILVER CANYON	R-2,011,144	10/22/96
	SIX ISLANDS	R-1,907,275	07/25/95
	SKYQUEST	R-2,219,718	01/19/99
	SPELLBOUND	R-1,833,278	04/26/94
	SPLASH	R-1,690,077	06/02/92
	STAR BURST	R-1,440,543	05/26/87
	STITCH	R-2,560,335	04/09/02

	<i>Trademark</i>	<i>App./Reg. Number</i>	<i>App./Reg. Date</i>
	STRANDED	R-2,226,672	02/23/99
	STREET BLADE	R-1,918,790	09/12/95
	STREET DEMON	R-1,421,837	12/23/88
	STRYKA	R-2,223,254	02/09/99
	STYLE OUT	R-2,296,944	11/30/99
	SURGE	A-78/240,651	04/22/03
	SWEET MISTY	R-1,453,136	08/18/87
	TANZIER	R-2,038,935	02/18/97
	THORAX	R-2,312,530	01/25/00
	THREAT	R-2,232,914	03/16/99
	TOTAL MADNES	R-1,998,266	09/03/96
	TROPICAL BLAST	R-1,920,832	09/19/95
	TURBO FORCE 1000	R-1,785,437	08/03/93
	TURBO WORKS	R-1,739,677	12/15/92
	TURN-N-BURN	R-2,277,817	09/14/99
	TWILIGHT TWIST	R-2,038,916	02/18/97
	VAPORIZER	R-2,038,992	02/18/97
	VERMILION	R-2,145,509	03/17/98
	VERTICAL	R-2,255,373	06/22/99
	VERTICAL & design	R-2,314,698	02/01/00
	VERVE	R-2,394,275	10/10/00
	VINTAGE	R-1,882,067	03/07/95
	WAIKIKI	R-2,154,922	05/05/98
	WALL ROX	R-1,998,265	09/03/96
	WALLA KOALA	R-1,999,727	09/10/96

**GRANT OF SECURITY INTEREST IN
PATENTS, TRADEMARKS AND LICENSES**

THIS GRANT OF SECURITY INTEREST IN PATENTS, TRADEMARKS AND LICENSES (herein the "Grant") made as of this June 30, 2004, by **DYNACRAFT INDUSTRIES, INC.**, a Massachusetts corporation, with its principal place of business at Kerner Boulevard, San Rafael, California (herein the "Company"), and **THE CIT GROUP/COMMERCIAL SERVICES, INC.**, a New York corporation, with offices at 1211 Avenue of the Americas, New York, New York 10036 (herein "CIT").

WITNESSETH:

WHEREAS, the Company and CIT are parties to a certain factoring and/or financing arrangement, pursuant to which CIT may make certain loan and advances to the Company, all as further set forth in the loan and security documents executed in connection herewith, dated of June 30, 2003 and as the same may be amended from time to time (herein collectively, the "Agreement"), which Agreement provides (i) for CIT to purchase, at its discretion certain accounts receivable of the Company and/or make certain loans, advances and extensions of credit, all to or for the benefit and account of the Company, and (ii) for the grant by the Company to CIT, as collateral security therefor, a security interest in certain of the Company's assets, including, without limitation, its trademarks, trademark applications and/or registrations, tradenames, goodwill and licenses, and, if applicable, any patents, patent applications and/or registrations, all as more fully set forth herein and in the Agreement;

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

1. **Definitions.** Capitalized terms used herein and defined in the Agreement shall have the meanings set forth therein unless otherwise specifically defined herein.

2. **Grant of Security Interest.** To secure the payment of the "Obligations" (as defined in the Agreement), the Company hereby grants to CIT a security interest, effective immediately, in all of the Company's right, title and interest in and to all of the following described property, whether now owned or hereafter acquired (collectively herein the "Intellectual Property Collateral"):

(a) Trademarks, trademark registrations, recordings and/or applications, tradenames, trade styles, service marks, prints and labels on which any of the foregoing have or may appear, designs, general intangibles pertaining to any of the foregoing, including, without limitation, the trademarks and applications, if any, listed on Schedule A attached hereto and made a part hereof, and any and all reissues and/or renewals thereof, and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademark Collateral");

(b) Patents and patent applications and/or registrations together with the inventions and improvements described and claimed therein including, without limitation, the patents and applications, if any, listed on **Schedule B**, attached hereto and made a part hereof,

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and any and all reissues and renewals thereof and all income, royalties, damages and payments now and hereafter due and/or payable in connection therewith including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Patent Collateral");

(c) Any license agreement in which the Company is or becomes licensed to use any patents and/or trademarks owned by a third party including, without limitation, the licenses, if any, listed on **Schedule C** attached hereto and made a part hereof (all of the foregoing are sometimes referred to herein individually and/or collectively as the "License Collateral");

(d) The goodwill of the Company's business connected with and symbolized by the Intellectual Property Collateral;

(e) Any and all of the Company's rights and interests in any of the foregoing as they relate to the Company's Accounts, Inventory, Equipment and General Intangibles, or any Collateral bearing any of the foregoing, including without limitation the right to sell Inventory, goods and property bearing or covered by any of the foregoing Intellectual Property; and

(f) All cash and non-cash proceeds, royalties and income of the foregoing, including without limitation any amounts obtained pursuant to any infringement action.

3. CIT's Rights. Upon the occurrence of any Event of Default hereunder, CIT shall have all the rights and remedies of a secured party under the Uniform Commercial Code and any other applicable state or federal laws. CIT will give the Company reasonable notice of the time and place of any public sale of the Intellectual Property Collateral or the time after which any private sale of the Intellectual Property Collateral or any other intended disposition thereof is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed, postage prepaid to the address of the Company set forth above at least ten (10) days before the date of such sale or disposition. In addition to the foregoing and all other rights and remedies of CIT upon the occurrence of any Event of Default hereunder, CIT shall thereupon have the immediate right to transfer to itself or to sell, assign and transfer to any other person all right, title and interest in and to all or any part of the Intellectual Property Collateral. A formal irrevocable power of attorney (in the form annexed hereto) is being executed and delivered by the Company to CIT concurrently with this Grant to enable such rights to be carried out. The Company agrees that, in the event CIT exercises its rights hereunder and/or pursuant to said power of attorney in accordance with its terms, after written notification of such exercise from CIT to the Company, the Company shall never thereafter, without the prior written authorization of the owner or owners of such Intellectual Property Collateral, use any of such Intellectual Property Collateral. The condition of the foregoing provision is such that unless and until there occurs an Event of Default under this Grant, the Company shall continue to own and use the Intellectual Property Collateral in the normal course of its business and to enjoy the benefits, royalties and profits therefrom provided, however, that from and after the occurrence of an Event of Default such right will, upon the exercise by CIT of the rights provided by this Grant, be revoked and the right of the Company to enjoy the uses, benefits, royalties and profits of said Intellectual Property Collateral will wholly cease, whereupon CIT or its transferee(s) shall be entitled to all of the Company's right, title and interest in and to the Intellectual Property Collateral hereby so assigned. This Grant will not operate to place upon CIT any duty or responsibility to maintain the Intellectual Property Collateral.

4. **Fees.** The Company will pay all filing fees with respect to the security interest created hereby which CIT may deem necessary or advisable in order to perfect and maintain the perfection of its security interest in the Intellectual Property Collateral.

5. **Representations and Warranties.** The Company represents and warrants: that the Company lawfully possesses and owns the Intellectual Property Collateral and that except for the security interest granted hereby, the Intellectual Property Collateral will be kept free from all liens, security interests, claims and encumbrances whatsoever; that the Company has not made or given any prior assignment, transfer or security interest in the Intellectual Property Collateral or any of the proceeds thereof; that the Intellectual Property Collateral is and will continue to be, in all respects, in full force and effect; and that there are no known infringements of the Intellectual Property Collateral. The Company agrees not to take any action inconsistent with the terms and intent hereof, provided that the Company may enter into licensing agreements in the ordinary course of its business on fair and reasonable terms, provided further that no Event of Default (as defined herein below) has occurred and that any such agreement does not adversely effect CIT's rights and interests hereunder. The Company hereby further agrees to provide notice to CIT of any hereafter acquired Intellectual Property Collateral, provided that any such Collateral shall be automatically subject to the terms hereof and provided that the Company shall take any such additional action as CIT shall reasonably request with respect thereto.

6. **Application of Proceeds.** The proceeds of any sale, transfer or disposition of the Intellectual Property Collateral shall be applied first to all costs and expenses, including, but not limited to, reasonable attorneys' fees and expenses and court costs, incurred by CIT in connection with such sale and the exercise of CIT's rights and remedies hereunder and under the Agreement; next, such proceeds shall be applied to the payment, in whole or in part, of the Obligations due CIT in such order as CIT may elect; and the balance, if any, shall be paid to the Company or as a court of competent jurisdiction may direct.

7. **Defense of Claims.** The Company will defend at its own cost and expense any action, claim or proceeding affecting the Intellectual Property Collateral or the interest of CIT therein. The Company agrees to reimburse CIT for all costs and expenses incurred by CIT in defending any such action, claim or proceeding.

8. **Rights Cumulative.** This Grant shall be in addition to the Agreement and shall not be deemed to affect, modify or limit the Agreement or any rights that CIT has under the Agreement. The Company agrees to execute and deliver to CIT (at the Company's expense) any further documentation or papers necessary to carry out the intent or purpose of this Grant including, but not limited to, financing statements under the Uniform Commercial Code.

9. **Construction and Invalidity.** Any provisions hereof contrary to, prohibited by or invalid under any laws or regulations shall be inapplicable and deemed omitted here from, but shall not invalidate the remaining provisions hereof.

10. **CHOICE OF LAW.** THE COMPANY AGREES THAT THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS GRANT AND ALL RIGHTS HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. THIS GRANT TOGETHER WITH THE AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT OF THE COMPANY AND CIT WITH RESPECT TO THE INTELLECTUAL PROPERTY COLLATERAL, CAN ONLY BE CHANGED OR MODIFIED IN WRITING AND SHALL BIND AND BENEFIT THE COMPANY, CIT AND THEIR RESPECTIVE SUCCESSORS

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AND ASSIGNS. THE COMPANY AND CIT EACH HEREBY EXPRESSLY WAIVES ANY RIGHT OF TRIAL BY JURY ON ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING HEREUNDER.

11. Events of Default. Any of the following constitutes an Event of Default under this Grant:

(a) The Company fails to perform or observe any agreement, covenant or condition required under this Grant;

(b) Any warranty or representation made by Company, in this Grant shall be or becomes false or misleading in any material respect; or

(c) The occurrence of any Event of Default under the Agreement which is not waived in writing by CIT.

12. Notices. The Company covenants and agrees that, with respect to the Intellectual Property Collateral, it will give CIT written notice in the manner provided in the Agreement of:

(a) any claim by a third party that the Company has infringed on the rights of a third party;

(b) any suspected infringement by a third party on the rights of the Company;
or

(c) any Intellectual Property Collateral created, arising or acquired by the Company after the date hereof.

13. Further Assurances. The Company will take any such action as CIT may reasonably require to further confirm or protect CIT's rights under this Grant in the Intellectual Property Collateral. In furtherance thereof, the Company hereby grants to CIT a power of attorney coupled with an interest which shall be irrevocable during the term of this Grant to execute any documentation or take any action in the Company's behalf required to effectuate the terms, provisions and conditions of this Grant.

14. Termination. This Grant shall terminate upon termination of the Agreement and full, final and indefeasible payment in cash of all Obligations of the Company thereunder. Upon the Company's request, CIT shall within a reasonable time after any such termination execute and deliver to the Company (at the Company's expense) such documents and instruments as are reasonably necessary to evidence such termination and release of the security interest granted herein on any applicable public record.

IN WITNESS WHEREOF, the parties hereto have duly executed this Grant as of the 30th day of June, 2004.

Company:

**DYNACRAFT INDUSTRIES, INC., a
Massachusetts corporation**

By: *Jerome A. Berman*
Name: Jerome A. BERMAN
Title: CEO

Agreed and Accepted this June 30, 2004,
THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have duly executed this Grant as of the 30th day of June, 2004.

Company:

**DYNACRAFT INDUSTRIES, INC., a
Massachusetts corporation**

By: _____

Name: _____

Title: _____

Agreed and Accepted this June 30, 2004,

THE CIT GROUP/COMMERCIAL SERVICES, INC.

By: Mark Torchheim

Title: mark Torchheim
M

	Trademark	App./Reg. Number	App./Reg. Date
	WAVERIPPER	R-2,512,561	11/27/01
	WHOMP	R-2,392,306	10/27/00
	WIPE OUT	R-2,292,638	11/16/99
	X-CCELERATE	R-2,439,485	03/27/01
	X-MAGS	R-2,587,789	07/02/02
	ZANZIBAR	R-1,997,004	08/27/96