

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
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NATURE OF CONVEYANCE:	SECURITY INTEREST
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CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Madacy Entertainment Group, Inc.		04/27/2007	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	LaSalle Business Credit, A Division of ABN AMRO Bank N.V., Canada Branch
Street Address:	79 Wellington Street West
Internal Address:	T-D Waterhouse Tower, 15th Floor, T-D Centre
City:	Toronto, Ontario
State/Country:	CANADA
Postal Code:	M5K 1G8
Entity Type:	LIMITED LIABILITY COMPANY: CANADA

PROPERTY NUMBERS Total: 7

Property Type	Number	Word Mark
Registration Number:	2918589	MAMÁ GALLINA
Registration Number:	2872399	PARTY ON KARAOKE
Registration Number:	2809215	WORD & WORSHIP
Registration Number:	2738148	BREWED MOODS
Registration Number:	2633144	ROCK ON CHRISTIAN
Registration Number:	2537307	BABY STEPS
Registration Number:	2404592	A LIFETIME OF MUSIC FOR THE 21ST CENTURY

CORRESPONDENCE DATA

Fax Number: (313)965-8252  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 313-965-8575  
 Email: dford@clarkhill.com  
 Correspondent Name: David J. Ford  
 Address Line 1: 500 Woodward Avenue

CH \$190.00 2918589

Address Line 2: Suite 3500  
Address Line 4: Detroit, MICHIGAN 48226-3435

ATTORNEY DOCKET NUMBER: 21720-098642

DOMESTIC REPRESENTATIVE

Name:  
Address Line 1:  
Address Line 2:  
Address Line 3:  
Address Line 4:

NAME OF SUBMITTER: David J. Ford

Signature: /david j ford/

Date: 05/02/2007

Total Attachments: 13  
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**SECURITY AGREEMENT****(MADACY ENTERTAINMENT GROUP, INC.)**

To: LaSalle Business Credit, a division of ABN AMRO Bank N.V., Canada Branch

This Security Agreement (the "**Agreement**") made as of this 27th day of April, 2007, by Madacy Entertainment Group, Inc., a Delaware corporation with its principal place of business at 2333 Morris Avenue, Suite C-2, Union, New Jersey 07083-5717 (the "**Debtor**"), to and in favour of LaSalle Business Credit, a division of ABN AMRO Bank N.V., Canada Branch with a place of business at 79 Wellington Street West, T-D Waterhouse Tower, 15th Floor, Toronto-Dominion Centre, Toronto, Ontario (the "**Secured Party**").

**WHEREAS**, Madacy Entertainment LP, a Quebec limited partnership (the "**Borrower**"), is indebted to Secured Party pursuant to a Credit Agreement dated as of April 27, 2007 between the Borrower and the Secured Party (as amended from time to time, the "**Credit Agreement**");

**WHEREAS**, Debtor has guaranteed Borrower's obligations to Secured Party under the Credit Agreement pursuant to a Guarantee Agreement dated of even date herewith (the "**Guarantee**"); and

**WHEREAS**, this Agreement is made to secure the obligations of Debtor under the Guarantee and in consideration of advances, credit or other financial accommodations now or hereafter being afforded to the Borrower by Secured Party;

**NOW, THEREFORE**, for valid consideration received, the Debtor hereto hereby agrees to and in favour of the Secured Party as follows:

1. DEFINITIONS.

"Account", "Account Debtor", "Chattel Paper", "Commercial Tort Claims", "Deposit Accounts", "Documents", "Equipment", "Fixtures", "General Intangibles", "Goods", "Instruments", "Inventory", "Investment Property", "Letter of Credit Rights", "Proceeds" and "Tangible Chattel Paper" shall have the respective meanings assigned to such terms, as of the date of this Agreement, in the Delaware Uniform Commercial Code (the "**Uniform Commercial Code**"). Except as otherwise defined herein, all terms used in this Agreement shall have the meanings ascribed to such terms in the Uniform Commercial Code.

"**Collateral**" shall mean all of the property of Debtor described in Section 2 hereof, together with all other personal property of Debtor now or hereafter pledged to Secured Party to secure, either directly or indirectly, repayment of the Obligations.

"**Event of Default**" shall have such meaning as is ascribed to such term in the Credit Agreement.

"**Obligations**" or "**Obligation**" means all present and future obligations, liabilities and indebtedness of Debtor to Secured Party or to any parent, affiliate or subsidiary of Secured Party of any and every kind and nature, howsoever created, arising or evidenced and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, whether primary, secondary, direct, indirect, absolute, contingent or otherwise (including without limitation, obligations of performance), whether several, joint or joint and several, and whether arising or existing under written or oral agreement or by operation of law, under or in connection with this Agreement, the Guarantee, the Credit Agreement and the Other Agreements (as defined in the Credit Agreement) to which it is a party, including without limitation, all principal, interest, commissions, fees, including receiver's fees and expenses, legal costs (on a solicitor and his own client basis) and other costs, charges and expenses, and the payment of all costs and expenses incurred by Secured Party in enforcing any rights under this Agreement, the Guarantee, the Credit Agreement or the Other Agreements to which the Debtor is a party.

2. SECURITY INTEREST.

As security for the payment or other satisfaction of all Obligations, Debtor hereby assigns to Secured Party and grants to Secured Party a continuing security interest in all present and after-acquired property of the Debtor, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, including, without limitation: (a) all Accounts and all Goods whose sale, lease or other disposition by Debtor has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, Debtor; (b) all Chattel Paper, Instruments, Documents and General Intangibles (including, without limitation, all patents, patent applications, trademarks, trademark applications, tradenames, trade secrets, goodwill, copyrights, copyright applications, rights to masters recording libraries, registrations, licenses, software, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, contract rights, payment intangibles, security interests, security deposits and rights to indemnification and, further, including, without limitation, the intellectual property set forth in Exhibit B); (c) all Inventory; (d) all Goods (other than Inventory), including, without limitation, Equipment, vehicles and Fixtures; (e) all Investment Property; (f) all Deposit Accounts, bank accounts and all deposits and cash; (g) all Letter of Credit Rights; (h) all Commercial Tort Claims set forth on Exhibit C hereto, as such Exhibit C may be amended from time to time; (i) any other property of Debtor now or hereafter in the possession, custody or control of Secured Party or any agent or any parent, affiliate or subsidiary of Secured Party or any participant with Secured Party in the Loans (as defined in the Credit Agreement), for any purpose (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise); and (j) all

additions and accessions to, substitutions for, and replacements, products and Proceeds of the foregoing property, including, without limitation, proceeds of all insurance policies insuring the foregoing property, and all of Debtor's books and records relating to any of the foregoing and to Debtor's business.

3. POSSESSION OF COLLATERAL AND RELATED MATTERS.

Until the occurrence of an Event of Default which has not been waived by Secured Party, Debtor shall have the right, except as otherwise provided in this Agreement, in the ordinary course of Debtor's business, to (a) sell, lease or furnish under contracts of service any of Debtor's inventory normally held by Debtor for any such purpose, and (b) use and consume any raw materials, work in process or other materials normally held by Debtor for such purpose; provided, however, that a sale in the ordinary course of business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by Debtor (except where otherwise permitted by Secured Party). Secured Party through its officers, employees or agents, shall have the right, at any time and from time to time in Secured Party's name, in the name of a nominee of Secured Party or in Debtor's name, to verify the validity, amount or any other matter relating to any of Debtor's accounts, by mail, telephone, telegraph or otherwise. Debtor shall reimburse Secured Party, on demand, for all costs, fees and expenses incurred by Secured Party in this regard.

Immediately upon Debtor's receipt of any portion of the Collateral evidenced by an agreement, security, Instrument or Document, including, without limitation, any Tangible Chattel Paper and any Investment Property consisting of certificated securities, Debtor shall deliver the original thereof to Secured Party together with an appropriate endorsement or other specific evidence of assignment thereof to Secured Party (in form and substance acceptable to Secured Party). If an endorsement or assignment of any such items shall not be made for any reason, Secured Party is hereby irrevocably authorized, as Debtor's attorney and agent-in-fact, to endorse or assign the same on Debtor's behalf.

4. WARRANTIES AND COVENANTS.

All warranties and covenants of or made on behalf of Debtor contained in the Credit Agreement are incorporated in this Agreement as if fully set forth herein.

5. RIGHTS AND REMEDIES.

Upon the occurrence of an Event of Default which has not been waived by Secured Party, Secured Party may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Agreement or in any other agreements between Secured Party and Debtor and all of Secured Party's rights and remedies shall be cumulative and non-exclusive to the extent permitted by law. In particular, but not by way of limitation of the foregoing, Secured Party may, without notice, demand or legal process of any kind, take possession of any or all of the Collateral (in addition to Collateral of which it already has possession), wherever it may be found, and for that

purpose may pursue the same wherever it may be found, and may enter onto any of Debtor's premises where any of the Collateral may be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of, and Secured Party shall have the right to store the same at any of Debtor's premises without cost to Secured Party. At Secured Party's request, Debtor shall, at Debtor's expense, assemble the Collateral and make it available to Secured Party at one or more places to be designated by Secured Party and reasonably convenient to Secured Party and Debtor. Debtor recognizes that if Debtor fails to perform, observe or discharge any of its Obligations, no remedy at law will provide adequate relief to Secured Party, and agrees that Secured Party shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. Any notification of intended disposition of any of the Collateral required by law will be deemed to be a reasonable authenticated notification of disposition if given at least ten (10) days prior to such disposition and such notice shall (i) describe Secured Party and Debtor, (ii) describe the Collateral that is the subject of the intended disposition, (iii) state the method of the intended disposition, (iv) state that Debtor is entitled to an accounting of the Obligations and state the charge, if any, for an accounting and (v) state the time and place of any public disposition or the time after which any private sale is to be made. Secured Party may disclaim any warranties that might arise in connection with the sale, lease or other disposition of the Collateral and has no obligation to provide any warranties at such time. Any Proceeds of any disposition by Secured Party of any of the Collateral may be applied by Secured Party to the payment of expenses in connection with the Collateral, including, without limitation, legal expenses and reasonable attorneys' fees, and any balance of such Proceeds may be applied by Secured Party toward the payment of such of the Obligations, and in such order of application, as Secured Party may from time to time elect. In the event of any excess Proceeds after payment in full of the Obligations, such excess shall be paid to Debtor.

6. FEES, COSTS AND CHARGES.

Debtor shall be obligated to reimburse Secured Party, as part of the Obligations, for all fees, costs or charges of any kind incurred by Secured Party in connection with the Guarantee, the Credit Agreement and this Agreement, including without limitation, any reasonable fees, costs or charges incurred by Secured Party in enforcing its rights and remedies under the Guarantee, the Credit Agreement and this Agreement.

7. MISCELLANEOUS.

A. Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein, in the Guarantee, the Credit Agreement or in any other agreement, document or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any Event of Default shall not waive or affect any other Event of Default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions and terms contained herein, in the Guarantee, the Credit Agreement or in any other agreement, document or instrument shall be deemed to

have been waived by any act or knowledge of Secured Party, its agents, officers or employees, other than pursuant to an instrument in writing, signed by an officer of Secured Party, directed to Debtor and specifying such waiver.

B. Any notice under this Agreement shall be addressed to the Debtor at its address set forth below, and any notice under this Agreement to the Security Party shall be addressed to the Secured Party at its address set forth in the Credit Agreement.

C. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

D. This Agreement shall be binding upon the Debtor and its successors and assigns, and shall enure to the benefit of the Secured Party and its successors and assigns.

E. The office where Debtor keeps Debtor's books, records and accounts (or copies thereof) concerning the Collateral, Debtor's principal place of business and all of Debtor's other places of business, locations of Collateral, post office boxes and bank accounts are as set forth in Exhibit A; subject to the provisions of the Credit Agreement, Debtor shall promptly (but in no event less than ten (10) days prior thereto) advise Secured Party in writing of the proposed opening of any new place of business, the closing of any existing place of business, any change in the location of Debtor's books, records and accounts (or copies thereof) or the opening or closing of any post office box or bank account of Debtor.

F. The Collateral, including, without limitation, all equipment, is and shall be kept only at the addresses set forth on the first page of this Agreement or on Exhibit A, and at other locations within the continental United States of which has been advised by Debtor in writing. Subject to the provisions of the Credit Agreement, none of the Collateral will be removed from such location without prior written notice to Secured Party.

G. Debtor has no Commercial Tort Claims pending other than those set forth on Exhibit C hereto, as it may be amended from time to time. Promptly upon becoming aware thereof Debtor shall notify Secured Party of any Commercial Tort Claim which may arise, which shall constitute Debtor's authorization to amend Exhibit C to add such Commercial Tort Claim.

**H. THE VALIDITY, INTERPRETATION AND EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE. DEBTOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ALL FEDERAL AND STATE COURTS IN DELAWARE.**

**I. DEBTOR HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING WHICH PERTAINS DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, ANY OF THE OTHER AGREEMENTS, THE LIABILITIES, THE COLLATERAL, ANY ALLEGED TORTIOUS CONDUCT BY DEBTOR OR SECURED PARTY OR WHICH, IN ANY WAY, DIRECTLY OR**

**INDIRECTLY, ARISES OUT OF OR RELATES TO THE RELATIONSHIP BETWEEN DEBTOR AND SECURED PARTY. IN NO EVENT SHALL SECURED PARTY BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.**


**J. TO THE EXTENT PERMITTED BY APPLICABLE LAW AND THE UNIFORM COMMERCIAL CODE, AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, DEBTOR HEREBY WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY SECURED PARTY OF ITS RIGHTS TO REPOSSESS THE COLLATERAL OF DEBTOR WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SUCH COLLATERAL WITHOUT PRIOR NOTICE OR HEARING.**

[SIGNATURE PAGE FOLLOWS]



**IN WITNESS WHEREOF**, the undersigned have executed and delivered this Agreement on the date set forth above.

**MADACY ENTERTAINMENT  
GROUP, INC.**

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

Address:

## EXHIBIT A

### Locations

- A. Debtor's Business Locations (please indicate which location is the principal place of business and at which locations originals and all copies of Debtor's books, records and accounts are kept):

2333 Morris Avenue, Suite C-2  
Union, New Jersey 07083-5717

- B. Other locations of Collateral (including, without limitation, warehouse locations, processing locations, consignment locations (and all post office boxes of Debtor). Please indicate the relationship of such location to Debtor (i.e., public warehouse, processor, etc.):

3333 Graham Boulevard,  
Suite 102, Montreal,  
QC H3R 3L5

Bentonville Plaza,  
Suite 245  
Bentonville, Arkansas

(Americ Disc Warehouse)  
2360 Pilot Knob Road  
Mendota Heights, MN 55120

(Americ Disc Warehouse)  
8716 Harriets Ave. South  
Bloomington, MN 55420

(Americ Disc Warehouse)  
8608 Pie-IX Blvd.  
Montreal, Quebec, H1Z 4G2

(Technicolor Distribution Centre)  
28301 Schoolcraft Road  
South Dock  
Livonia, MI 48150

(Sort and Pack Inc.)  
3247 E. 11th Avenue  
Columbus, Ohio 43219

C. Bank Accounts of Borrower:

<u>Bank (with address)</u>	<u>Account Number</u>	<u>Type of Account</u>
Harris N.A. 111 W. Monroe Chicago, Illinois 60603	328-3892	Madacy USA – chequing

## EXHIBIT B

### Intellectual Property

Registered trade-marks in the United States in the name of Madacy Entertainment Group, Inc.:

Trade-marks	Registration Date	Description
<b>Mamma Gallina</b> (US2,918,589)	January 18, 2005	Video cassettes, CD's and cassettes all containing sound recording for children.
<b>Party on Karaoke</b> (US2,872,399)	August 10, 2004	Sound recordings featuring music, namely, phonographic records, audiotapes, and compact discs featuring music.
<b>Word &amp; Worship</b> (US2,809,215)	January 27, 2004	Sound recordings featuring music, namely, phonographic records, audio tapes, and compact discs
<b>Brewed Moods</b> (US2,738,148)	July 15, 2003	Sound recordings featuring music, namely, phonographic records, audio tapes, and compact discs featuring music.
<b>Rock On Christian</b> (US2,633,144)	October 8, 2002	Pre-recorded audiocassettes, pre-recorded audio compact discs and pre-recorded phonographic recordings, all featuring music for religious and entertainment purposes. Entertainment services, namely, the production of phonographic records, audio tapes, and audio compact discs for religious and entertainment purposes.
<b>Baby Steps</b> (US2,537,307)	February 5, 2002	Pre-recorded audiocassettes, pre-recorded audio compact discs and pre-recorded phonographic recordings, all featuring music for educational and entertainment purposes focusing and infant development.
<b>Baby Symphony</b> (US2,311,761)	January 25, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>Baby Symphony Tender Moods</b> (US2,311,756)	January 25, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>Baby Symphony Sweet Dreams</b> (US2,311,755)	January 25, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>Baby Symphony Sweet</b>	January 25, 2000	Pre-recorded phonograph records,

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U.S. GSA

<b>Fantasies</b> (US2,311,754)		cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>R Relentless Records</b> (US2,311,492)	January 25, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>Relentless Records (US2,304,221)</b>	December 28, 1999	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>A lifetime of music for the 21<sup>st</sup> century – Inc.</b> (US2,404,592)	November 14, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>In Orchestra Experience</b> <i>Design</i> (US2,358,369)	June 13, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>In Orchestra Experience</b> (US2,366,898)	July 11, 2000	Pre-recorded phonograph records, cassette tapes, compact discs, digital video discs, videos and CD-ROMs featuring music.
<b>Knightsbridge Symphony Orchestra</b> (US2,275,491)	September 7, 1999	Pre-recorded cassette tapes, phonograph records, CDs, video tapes and digital video discs featuring music.
<b>M Madacy Entertainment</b> (US2,243,335)	May 4, 1999	Pre-recorded phonographs, audio cassette tapes, video cassette tapes, compact discs and CD-ROMs, all featuring music. Distributorship services for music, video and software products.

Pending trade-mark applications in the United States in the name of Madacy Entertainment Group, Inc.:

<b>Trade-Marks</b>	<b>Filing Date</b>	<b>Description</b>
<b>Sun Splashin'</b> (US serial number 75239317)	February 10, 1997	Pre-recorded phonograph records, audio cassette tapes, video cassette tapes, compact disks and CD-Roms, all featuring music.

Registered copyrights in the name of Madacy Entertainment Group, Inc. in the United States:

Copyright	Registration number	Registration date	Description
MUSICAL WORK OF CHRISTIAN ALLEN BORRE: VOL.3	Sru-401-306	N/A	Sound Cassette
EL TUMBAO	PA895-900	N/A	Compact Disc
LABERINTO	PA895-901	N/A	Compact Disc
MATIZ	PA895-902	N/A	Compact Disc
COCKTAIL DE FRUTAS	PA895-903	N/A	Compact Disc
JORGE NEGRETE	SR253-677	N/A	Compact Disc
JOSE ALFREDO JIMENEZ	SR253-685	N/A	Compact Disc
MIGUEL ACEVEZ MEJIA	SR253-693	N/A	Compact Disc
JOSE JOSE	SR253-697	N/A	Compact Disc
AGUSTIN LARA	SR253-702	N/A	Compact Disc
PALITO ORTEGA	SR253-719	N/A	Compact Disc
MOVE THIS	SR255-117	N/A	Compact Disc & Sound cassette
KOL NIDRE VARIATION	SR273-918	SR273-918	Compact Disc

**EXHIBIT C**

Commercial Tort Claims

Nil.