

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Security Agreement

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Paul Frank Industries, Inc.		06/12/2007	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	The CIT Group/Commercial Services, Inc.
Street Address:	300 S. Grand Ave, 12th Floor
City:	Los Angeles
State/Country:	CALIFORNIA
Postal Code:	90071
Entity Type:	CORPORATION: NEW YORK

PROPERTY NUMBERS Total: 10

Property Type	Number	Word Mark
Registration Number:	2571471	
Registration Number:	2325420	
Registration Number:	2952829	PAUL FRANK
Registration Number:	2849086	
Registration Number:	2949386	JULIUS & FRIENDS BY PAUL FRANK
Serial Number:	76217857	PAUL FRANK'S JULIUS & FRIENDS
Serial Number:	76318820	
Serial Number:	78676098	JULIUS & FRIENDS BY PAUL FRANK
Serial Number:	77029371	JULIUS
Serial Number:	76319094	

CORRESPONDENCE DATA

Fax Number: (866)826-5420
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 3016380511

CH \$265.00 2571471

Email: ipresearchplus@comcast.net
Correspondent Name: IP Research Plus, Inc.
Address Line 1: 21 Tadcaster Circle
Address Line 2: Attn: Penelope J.A. Agodoa
Address Line 4: Waldorf, MARYLAND 20602

NAME OF SUBMITTER:	Penelope J.A. Agodoa
Signature:	/pja/
Date:	06/15/2007

Total Attachments: 11
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**TRADEMARK
SECURITY AGREEMENT**

THIS TRADEMARK SECURITY AGREEMENT made effective the 12th day of June, 2007, by and between Paul Frank Industries, Inc. a California corporation, having a place of business at 960 West 16th Street, Costa Mesa, California (hereinafter referred to as the "Company"), and The CIT Group/Commercial Services, Inc., a New York corporation, having offices located at 300 S. Grand Ave., 12th floor, Los Angeles, California 90071 (hereinafter referred to as "CIT").

W I T N E S S E T H:

WHEREAS, the Company is obligated to CIT pursuant to a Factoring Agreement dated of even date herewith (herein the "Factoring Agreement");

WHEREAS, the Company is the owner of certain trademarks, trademark registrations, tradenames and trademark applications, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof, the trademarks "Julius" and "Julius & Friends", including the names and sketches depicting "Julius" and all renewals and/or reissues thereof, and all income, royalties, damages and payments now and hereafter due and/or payable under the listed trademarks and trademark applications, including, without limitation, damages and payments for past or future infringements thereof (all of the foregoing trademarks, trademark registrations, tradenames and applications are sometimes hereinafter individually and/or collectively referred to as the "Trademarks") and all signs and symbols associated therewith together with the goodwill symbolized and associated with the Trademarks (herein collectively the "Trademark Collateral"); and

WHEREAS, CIT has and will from time to time make loans, advances and other extensions of credit to the Company pursuant to the Factoring Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. The Company hereby grants a security interest to CIT in all of the Company's right, title and interest in and to the Trademark Collateral, now existing and hereafter acquired, together with all monies and claims for monies now or hereafter due or payable thereon or in respect thereof and all cash and non-cash proceeds thereof, to secure the payment when due of all now existing and

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hereafter arising indebtedness, liabilities and obligations of the Company to CIT, including without limitation all Obligations (as defined in the Factoring Agreement) (herein the "Secured Obligations"); provided however, that the maximum amount of Secured Obligations shall not exceed the amount set forth on Schedule B, attached hereto plus reasonable costs and fees (including attorneys' fees) incurred in perfecting, continuing or otherwise enforcing this agreement or the Secured Obligations.

2. Subject to the present security interest created hereby in favor of CIT, it is the intention of the parties hereto that the Company continue to have ownership of and the beneficial use of the Trademark Collateral, including without limitation the above-described Trademarks and the goodwill of the business associated therewith and to control the nature and quality of the goods manufactured and sold under said Trademarks, and, upon the payment and performance in full of all of the Secured Obligations, as herein set forth, the security interest of CIT in said Trademarks and the other Trademark Collateral shall be released and thereafter CIT shall no longer have any interest therein. Upon the release of the security interest as described in this paragraph, CIT will amend any financing statements and make any other filings necessary to limit its interest to the property transferred to it pursuant to the Factoring Agreement.

3. The Company will pay all filing and recording fees with respect to the security interest created hereby which CIT may deem necessary or advisable in order to perfect and continue perfected its security interest in the Trademark Collateral.

4. The Company represents and warrants: that Schedule A is a complete list of all registered trademarks using the name "Julius", "Julius & Friends", or a picture of the character named "Julius", that upon any new use of the name or a picture of "Julius" the Company shall take all steps requested by CIT to ensure its rights in such trademark, that the Company lawfully possesses and owns the Trademark Collateral and that except for the security interest in favor of CIT and except for Permitted Encumbrances (as defined in the Factoring Agreement), the Trademark Collateral will be kept free from all liens, security interests, claims and encumbrances whatsoever; that the Company has not made or given any prior assignments, transfers or security interests in the Trademark Collateral; that the Company will not sell, transfer or assign the Trademark Collateral or any of the proceeds thereof; that the Trademark Collateral is and will continue to be, in all respects, in full force and effect; and that there are no known material infringements of the Trademark Collateral except those which are being actively contested.

5. Upon the occurrence of an Event of Default under the Factoring Agreement, the Company shall be in default hereunder (a "Default"). Upon the occurrence of any such Default by the Company, CIT shall have all the rights and remedies of a secured party under the Uniform 139370-4

Commercial Code and any other applicable state or federal laws. Upon the occurrence of a Default, CIT may exercise its rights under the Factoring Agreement, including but not limited to collecting Accounts, taking possession of and selling inventory, and completing unfinished goods including affixing labels and decals. However, before selling the Trademark Collateral CIT will give the Company thirty (30) days' notice. CIT will give the Company reasonable notice of the time and place of any public sale of the Trademark Collateral or the time after which any private sale of the Trademark 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 sent to the Company in accordance with the notice provisions of the Factoring Agreement 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 any Default hereunder by the Company, CIT shall thereupon have the immediate right to transfer to itself or to sell, assign and transfer to any other person:

A. All right, title and interest in and to the Trademark Collateral, including without limitation the Trademarks specified in Schedule A and the labels and decals bearing such Trademarks; and

B. The goodwill associated with the Trademarks arising under the marks specified in Schedule A.

A formal irrevocable power of attorney is being executed and delivered by the Company to CIT to enable such rights to be carried out. The Company agrees that, in the event CIT exercises said power in accordance with the terms hereof, after written notification of such exercise from CIT to the Company, the Company shall:

Never thereafter, without the written authorization of the owner or owners of the Trademarks specified in Schedule A, use any of the marks specified in Schedule A or any mark closely similar thereto, on or in connection with the same or any closely related goods either in the United States of America, its territories or possessions or in countries outside the United States.

6. Subject to the terms and conditions herein, CIT may exercise its rights under this Trademark Security Agreement and any rights it has under any other agreement in any order as it may elect. The proceeds of any sale, transfer or disposition of the Trademark Collateral by CIT may be applied to all costs (including, but not limited to, reasonable attorneys' fees and expenses and court costs) incurred by CIT; payment, in whole or in part, of the Secured Obligations in such order as CIT may elect; and the balance, if any, shall be paid to the Company or its representative or as a court of competent jurisdiction may direct. The Company shall remain liable for any deficiency.

7. The Company agrees to execute and deliver to CIT any further documentation or papers, and take all such other actions, as are reasonably necessary to carry out the intent or purpose of this Trademark Security Agreement (without any charge or expense to CIT) including, but not limited to the execution and delivery to CIT of financing statements under the Uniform Commercial Code.

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

9. This Trademark Security Agreement shall be in addition to all other present and future instruments, documents and agreements between the Company and CIT; it shall not be deemed to affect, modify or limit any of the rights of CIT thereunder, and all of CIT' rights and remedies hereunder, thereunder, at law or in equity are cumulative. It is further understood and agreed that in the event of a Default hereunder, CIT shall have no obligation to marshal any assets presently or hereafter pledged to CIT by the Company, whether under this Trademark Security Agreement or otherwise.

10. Any provision hereof contrary to, prohibited by or invalid under, any laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof.

11. Notwithstanding the place of execution hereof, the Company agrees that the validity, interpretation and enforcement of this Trademark Security Agreement and all rights hereunder shall be governed by the laws of the State of California.

Paul Frank Industries, Inc. (the "Company")

By: Ryan Heuser 

Title: President

Accepted at Los Angeles

THE CIT GROUP/COMMERCIAL SERVICES, INC.

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By: Ann B
Title: SVP

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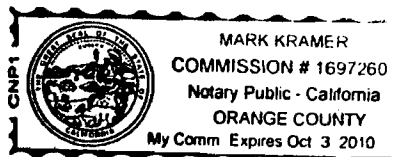
ACKNOWLEDGEMENT

STATE OF California)
COUNTY OF Orange))SS

On 6/12/2007, before me, the undersigned, a notary public in and for said State, personally appeared Ryan Houser known to me to be the President of Paul Frank Industries, Inc. the corporation that executed the within instrument, and who acknowledged to me that such corporation executed the within instrument pursuant to its by-laws and a resolution of its board of directors.

WITNESS my hand and official seal.

 Notary Public



**SCHEDULE A
TO TRADEMARK SECURITY AGREEMENT**

between

Paul Frank Industries, Inc. (THE "COMPANY")

and

THE CIT GROUP/COMMERCIAL SERVICES, INC.

TRADEMARKS

	<u>Registration #</u>	<u>Serial #</u>
1. Design [of Julius]	R2571471	76-322346
2. Design [of Julius]	R2325420	75-498789
3. Design [of Julius]	R2952829	76-977453
4. Design [of Julius]	R2849086	76-976588
5. Paul Frank's Julius & Friends	R2949386	76-977353
6. Paul Frank's Julius & Friends	Published	76-217857
7. Design [of Julius]	Published	76-319094
8. Design [of Julius]	Published	76-318820
9. Julius & Friends by Paul Frank		78-676098
10. Julius	Pending	77-029371

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Schedule B

**Maximum Amount of Indebtedness
Subject to this security interest**

Four Million Dollars (\$4,000,000)

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IRREVOCABLE POWER OF ATTORNEY

Paul Frank Industries, Inc. a California corporation, ("hereinafter referred to as the "Company") hereby grants to THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation (hereinafter referred to as "CIT"), the exclusive Irrevocable Power of Attorney to transfer to CIT or to any designee of CIT all trademarks, trademark registrations and trademark applications listed on Schedule A attached to the Trademark Security Agreement dated as of the date hereof between the Company and CIT (a copy of which Schedule is A attached hereto) together with the goodwill of the business therein and the Company's entire inventory of labels and decals bearing such marks not affixed to its products, and the right to operate and control, sell, assign, and transfer the business under those marks under the following terms and conditions:

1. The Power of Attorney granted hereunder shall be effective as of the date hereof and shall last until full, final and indefeasible payment of the Secured Obligations (as defined in the Trademark Security Agreement) and termination of the Factoring Agreement (as defined in the Trademark Security Agreement);


2. The Power of Attorney granted herein shall be irrevocable throughout the duration of its life as specified in Paragraph 1 hereinabove;

3. The Power of Attorney granted herein shall only be exercisable by CIT after the occurrence of a Default under the Trademark Security Agreement; and

4. CIT shall give the Company ten (10) days prior written notice of the exercise of this power, and the waiver by CIT of any particular Default as set forth in Paragraph 3 hereinabove shall have no force or effect unless in writing and signed by an authorized officer of CIT. Even then such waiver shall not constitute or be considered a waiver of any other Default then existing or thereafter arising, whether similar or not.

IN WITNESS WHEREOF the Company has caused this Power of Attorney to be executed effective as of June 12, 2007.

Paul Frank Industries, Inc. (the "Company")

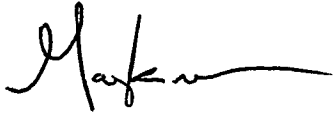
By: 
Title: President

ACKNOWLEDGEMENT

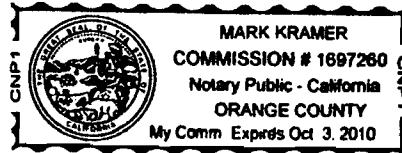
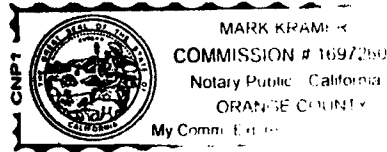
STATE OF California)
COUNTY OF Orange) SS

On 6/12/2007, before me, the undersigned, a notary public in and for said State, personally appeared Ryan Heuser known to me to be the President of Paul Frank Industries, Inc, the corporation that executed the within instrument, and who acknowledged to me that such corporation executed the within instrument pursuant to its by-laws and a resolution of its board of directors.

WITNESS my hand and official seal.



Notary Public



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