

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Frank Mechaly		04/03/2008	INDIVIDUAL: FRANCE
RECEIVING PARTY DATA			
Name:	FTC Commercial Corporation		
Street Address:	1525 South Broadway Street		
City:	Los Angeles		
State/Country:	CALIFORNIA		
Postal Code:	90015		
Entity Type:	CORPORATION: CALIFORNIA		
PROPERTY NUMBERS Total: 2			
Property Type	Number	Word Mark	
Registration Number:	0919694	STARDOM	
Serial Number:	77016091	MAY75	
CORRESPONDENCE DATA			
Fax Number:	(213)325-0226		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	213-745-8888		
Email:	sandy@ftccc.net		
Correspondent Name:	Sandy S. Chung, Esq.		
Address Line 1:	1525 South Broadway Street		
Address Line 4:	Los Angeles, CALIFORNIA 90015		
ATTORNEY DOCKET NUMBER:	JEANIUS		
NAME OF SUBMITTER:	Sandy S. Chung		
Signature:	/Sandy S. Chung/		
Date:	05/28/2008		

OP \$65.00 0919694

Total Attachments: 10

source=Mechaly Security Agreement#page1.tif

source=Mechaly Security Agreement#page2.tif

source=Mechaly Security Agreement#page3.tif

source=Mechaly Security Agreement#page4.tif

source=Mechaly Security Agreement#page5.tif

source=Mechaly Security Agreement#page6.tif

source=Mechaly Security Agreement#page7.tif

source=Mechaly Security Agreement#page8.tif

source=Mechaly Security Agreement#page9.tif

source=Mechaly Security Agreement#page10.tif

SECURITY AGREEMENT (TRADEMARKS)

THIS SECURITY AGREEMENT (TRADEMARKS) (this "Security Agreement") is made as of April 3, 2008, by and between FRANK MECHALY ("Mechaly"), on the one hand, and FTC COMMERCIAL CORP. ("FTC"), on the other hand.

W I T N E S S E T H

WHEREAS, FTC and JEANIUS CORP. ("Jeanius") have entered into that certain Factoring Agreement and that certain Inventory Facility Agreement, both dated June 13, 2005, and various related and/or subsequent agreements (as the same may hereafter be amended, supplemented or otherwise modified from time to time, the "FTC Agreements"); and

WHEREAS, Mechaly has executed that certain Guaranty dated June 13, 2005, in favor of FTC (the "Guaranty") pursuant to which Mechaly has unconditionally and irrevocably guaranteed to FTC the full and prompt payment and performance of all liabilities, obligations and indebtedness of Jeanius to FTC under the FTC Agreements (the "Indebtedness"); and

WHEREAS, to secure the full and prompt payment, performance and satisfaction of all of Mechaly's obligations under the Guaranty with respect to the Indebtedness, Mechaly has agreed to grant to FTC a security interest in all trademarks and related collateral owned by Mechaly;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mechaly, on the one hand, and FTC, on the other hand, agree as follows:

1. Grant of Security Interest. To secure the payment, performance and satisfaction of all of Mechaly's obligations under the Guaranty with respect to the Indebtedness, Mechaly hereby grants to FTC a continuing security interest in all right, title and interest of Mechaly in and to all of the following, whether now existing, owned or used by Mechaly or hereafter acquired, owned, or used by Mechaly (all of the following are collectively referred to as the "Collateral"):

(a) all trademarks, trade names, trade dress, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, any of the foregoing used in connection with products sold by Mechaly and the trademarks and applications listed on Schedule A attached hereto and made a part hereof, and all renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademarks");

(b) all licenses, rights, privileges, rights to grant sublicenses and franchises corresponding to any of the Trademarks throughout the world, all means to manufacture goods or offer services in connection with the use of the Trademarks (including, without limitation, trade secrets and customer lists), all goodwill connected with the use of and symbolized by the Trademarks, and all royalties, causes of actions, contracts and damages for infringement connected with the use of and symbolized by the Trademarks;

(c) all designs, processes, techniques, packaging and product configurations that are used for providing goods and services designated by any of the Trademarks; and

(d) all proceeds of any of the foregoing, wherever located and in whatever form, and all books and records pertaining to such property. The term "proceeds" has the meaning assigned to that term by the California Uniform Commercial Code (as amended, the "UCC"), and also means all "proceeds," "products," "offspring," "rents" or "profits" of any of the foregoing property, as such quoted terms are used in the United States Bankruptcy Code, and any amendments thereto (Title 11, United States Code).

2. Reports of Applications. The Trademarks constitute all of the federally registered trademarks and applications therefor now owned by Mechaly. Mechaly shall provide FTC on a quarterly basis with a list of all new federally registered trademarks and federal applications for trademark registrations, if any, which new trademarks and applications shall be subject to the terms and conditions of this Security Agreement.

3 Representations and Warranties. Mechaly represents and warrants to FTC that (a) no financing statement or other filing listing any of the Collateral as collateral is on file in any jurisdiction (other than any financing statement filed on behalf of FTC, as secured party); (b) Mechaly has not created and is not aware of any means, any lien, security interest, pledge, hypothecation, encumbrance or other claim (each a "Lien") in, on, with respect to, or affecting any Collateral other than the Lien created by this Security Agreement in favor of FTC; (c) all consents, approvals, authorizations, permits and licenses necessary for Mechaly to enter and perform Mechaly's obligations under this Security Agreement have been obtained; (d) this Security Agreement constitutes a valid, binding and enforceable obligation of Mechaly; (e) the execution, delivery and performance of this Security Agreement are within Mechaly's authority and capacity and do not violate any law or any agreement or undertaking to which Mechaly is a party or by which Mechaly may be bound and do not result in the imposition of any Lien upon any Collateral other than the Lien in favor of FTC created by this Security Agreement; (f) Mechaly is the legal and beneficial owner of the Collateral, controls the Collateral and has continuously used the Trademarks, or started to continuously use the Trademarks, in interstate commerce in connection with the sale of Mechaly's products; (g) there are no claims or demands of any persons or entities claiming any interest in any of the Collateral, including, without limitation, disputes concerning the ownership or control of or the right to use any of the Collateral.

4. Covenants. Mechaly shall: (a) keep the Collateral free and clear of any Lien of any kind other than the Lien created by this Security Agreement; (b) promptly pay, when due, all taxes and other charges and fees affecting or arising out of the Collateral including, without limitation, all fees required to maintain Mechaly's registration of any of the Trademarks; (c) police, pursue and enforce Mechaly's rights with respect to the Collateral, defend the Collateral against all claims, disputes, demands, challenges, actions, causes of action or infringements by any persons or entities and promptly notify FTC in writing of any such claims, disputes, demands, challenges, actions, causes of action or infringements, including, without limitation, any default or other notices which Mechaly receives or with respect to which Mechaly has knowledge regarding Mechaly's ownership of, right to use or continued registration of the Trademarks; (d) give FTC at least 15 business days prior written notice before changing Mechaly's name; (e) not sell, dispose of, transfer or abandon any Collateral without FTC's prior written consent; (f) continuously use the Trademarks in interstate commerce in connection with the sale of Mechaly's products, use trademark markings in connection with such use of the Trademarks and file any required affidavits with respect to Mechaly's ongoing use of the Trademarks; and (g) permit FTC, by FTC's officers and agents, to have access to, examine and copy records evidencing or relating to any Collateral.

5. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Security Agreement: (a) the occurrence of any default or event of default under the FTC Agreements, the Guaranty or any other instrument or agreement executed by Mechaly with or in favor of FTC; (b) the failure of Mechaly to pay any of Mechaly's obligations under the Guaranty with respect to the Indebtedness; (c) any representation or warranty of Mechaly to FTC in this Security Agreement or any other instrument or agreement with or in favor of FTC shall prove to be inaccurate or untrue; (d) the breach by Mechaly of any covenant in this Security Agreement; or (e) FTC shall have determined in good faith that the value of the Collateral has materially decreased after the date of this Security Agreement.

6. Remedies of FTC.

(a) After the occurrence of an Event of Default under this Security Agreement, FTC may, without notice to or demand upon Mechaly: (i) use any and all Trademarks to the extent of Mechaly's rights therein in exercise of FTC's rights under this Security Agreement, without payment of compensation of any kind, and Mechaly hereby grants FTC a license and the right to grant sublicenses for that purpose; (ii) collect any and all income, rents, issues, profits and proceeds from the Collateral, the same being hereby assigned and transferred to FTC, and from time to time apply or accumulate such income, rents, issues, profits and proceeds in such order and manner as FTC, in FTC's sole discretion, shall determine and instruct; here, FTC may collect in such manner and to such extent as FTC may deem necessary to protect the Collateral or the interests, rights, powers or duties of FTC; (iii) sell all or any part of the Collateral at public or private sale; here, the place(s), time(s), term(s) (whether for cash, credit or otherwise, and manner of sale is in FTC's sole discretion; and (iv) exercise all the rights and remedies granted to a secured party under the UCC, and exercise all other rights and remedies given to FTC under this Security Agreement, any other instrument or agreement, or otherwise available at law or in equity. FTC shall be under no obligation to make any of the payments or do any of the acts

referred to in this Section 6 or elsewhere in this Security Agreement. Any of the actions referred to in this Section 6 or elsewhere in this Security Agreement may be taken (1) regardless of whether any notice of default or election to sell has been given under this Security Agreement (provided, however, that all notices required by law, the giving of which may not be waived, shall be given in accordance with such law), and (2) without regard to the adequacy of the security for Mechaly's obligations under the Guaranty with respect to the Indebtedness. FTC's exercise of any rights, actions or remedies in this Section 6 does not release Mechaly from any of his obligations under this Security Agreement or any other instruments or agreements with FTC; does not waive any rights FTC may have; and does not impair any declaration of default or election to cause the Collateral to be sold or any sale proceeding predicated on the same.

(b) Mechaly hereby waives notice of the sale of any Collateral by FTC pursuant to any provision of this Security Agreement or any applicable provisions of the UCC or other applicable law. In the event that notice of the sale of Collateral cannot be waived or FTC gives notice of such sale to Mechaly, FTC will give Mechaly notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition thereof is to be made by sending notice, as provided below, at least five days before the time of the sale or disposition, which provisions for notice Mechaly and FTC agree are reasonable.

(c) FTC may apply the net proceeds of any sale, lease or other disposition of Collateral (after deducting all costs and expenses of every kind incurred thereon or incidental to the retaking, holding, preparing for sale, selling, leasing, or the like of the Collateral, and/or after deducting all costs and expenses in any way relating to the rights of FTC thereunder, including attorneys' fees and expenses hereinafter provided for) to the payment, in whole or in part, in such order as FTC may elect, of Mechaly's obligations under the Guaranty with respect to the Indebtedness, whether due or not due, absolute or contingent, making proper rebate for interest or discount on items not then due. Only after so applying such net proceeds and after the payment by FTC of any other amounts required by any existing or future provision of law (including Section 9-504(1)(c) of the Uniform Commercial Code of any jurisdiction in which any of the Collateral may at the time be located) need FTC account for the surplus, if any. Mechaly, in any event, shall remain liable to FTC for the payment of any deficiency.

(d) Whether or not an Event of Default shall have occurred, FTC may sell all or any part of the Collateral, although Mechaly's obligations under the Guaranty with respect to the Indebtedness may be contingent or unmatured, whenever in FTC's discretion FTC considers such sale necessary for FTC's protection. The making of any demands by FTC shall not establish a course of conduct nor constitute a waiver of the right of FTC to sell the Collateral as herein provided or of the right of FTC to accelerate the maturity of Mechaly's obligations under the Guaranty with respect to the Indebtedness as herein provided.

5 (SSC) RW

(e) If there is an Event of Default pursuant to Paragraph 5 of this Agreement (above), before acting on its rights and/or interests, FTC shall give Mechaly a written notice to cure if FTC determines in its sole discretion and in good faith that giving this notice will not in any way adversely affect any of FTC's rights or interests. If within ~~10~~ calendar days after the date of the written notice to cure, Mechaly responds to FTC with a written commitment to cure, FTC shall give Mechaly a reasonable amount of time from the date of the notice to cure to cure the Event of Default, but FTC shall give Mechaly this opportunity to cure only if FTC determines in its sole discretion and in good faith that giving him the opportunity to cure will not in any way adversely affect any of FTC's rights or interests. The amount of time that is reasonable to cure (as referred to in the previous sentence) will be determined by FTC in its sole discretion and in good faith under all of the circumstances, including, but not limited to, the circumstances concerning the Event of Default, Mechaly, any company related thereto, and any other circumstance or situation related thereto. An amount of time to cure shall not be reasonable if it in any way adversely affects any of FTC's rights or interests. If FTC does not give Mechaly a written notice to cure, or if Mechaly does not give FTC a written commitment to cure or does not cure within the cure period, if any (as described in the previous sentence), FTC may exercise any and all of its rights under this Agreement and/or the FTC Agreements as set forth therein.

7. Additional Rights of FTC and Duties of Mechaly Regarding Obligations and Collateral.

(a) Mechaly consents that the Indebtedness, Mechaly's obligations under the Guaranty with respect to the Indebtedness and or any Collateral may, from time to time, in whole or in part, be renewed, extended, modified, accelerated, compromised, settled or released, and that any Collateral may, from time to time, in whole or in part, be exchanged, sold, released or surrendered, by FTC, all without any notice to, or further assent by, or any reservation of rights against, Mechaly, and all without in any way affecting or releasing the Indebtedness, Mechaly's obligations under the Guaranty with respect to the Indebtedness or any security interest hereby created.

(b) FTC shall not be liable for failure to collect or realize upon the Collateral, or any part thereof, or for any delay in so doing, nor shall FTC be under any obligation to take any action whatsoever with regard thereto. FTC shall have no obligation to comply with any recording, re-recording, filing, re-filing or other legal requirements necessary to establish or maintain the validity, priority or enforceability of FTC's rights in and to the Collateral or any part thereof. FTC may exercise any right of Mechaly with respect to any of the Collateral. FTC shall have no duty to exercise any of the aforesaid rights, privileges or options with respect to any Collateral and shall not be responsible for any failure to do so or delay in so doing.

(c) In any statutory or non-statutory proceeding affecting Mechaly or any Collateral, FTC or FTC's nominee may, whether or not an Event of Default shall have occurred and regardless of the amount of Mechaly's obligations under the Guaranty with respect to the Indebtedness, file a proof of claim for the full amount of any Collateral and vote such claim for the full amount thereof (i) for or against any proposal or resolution; (ii) for a trustee or trustees or for a committee of creditors; and/or (iii) for the acceptance or rejection of any proposed

arrangement, plan of reorganization, wage earners' plan, composition or extension; and FTC or FTC's nominee may receive any payment or distribution and give acquittance therefor and may exchange or release any Collateral.

(d) Whether or not an Event of Default shall have occurred, FTC may, without notice to or demand upon Mechaly: (i) commence, appear in or defend any action or proceeding purporting to affect all or any part of the Collateral or the interests, rights, powers or duties of FTC, regardless of whether the action or proceeding is brought by or against Mechaly or FTC; and/or (ii) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of FTC may affect or appear to affect the Collateral or the interests, rights, powers or duties of FTC.

8. Collection Rights of FTC. If any Collateral consists of Accounts, including but not limited to, rights or claims of Mechaly to any payment, then at FTC's request, Mechaly shall promptly notify (in manner, form and substance satisfactory to FTC) all persons or entities obligated to Mechaly to make payments under those Accounts that any and all of those payments are to be made directly to FTC. Mechaly shall not settle, compromise or adjust any disputed amount, or allow any credit, rebate or discount with respect to any right or claim of Mechaly to any payment which constitutes Collateral. After FTC shall have requested that Mechaly give notice as described in the first sentence of this Section 8, any and all amounts received by Mechaly from the account debtor or other obligor or issuer so notified shall be promptly remitted to FTC, and until so remitted shall be segregated by Mechaly and held in trust for FTC.

9. Additional Security. If FTC shall at any time hold security for the Indebtedness or for Mechaly's obligations under the Guaranty with respect to the Indebtedness in addition to the Collateral, FTC may enforce the terms of this Security Agreement or otherwise realize upon the Collateral, at FTC's option, either before or concurrently with the exercise of remedies as to such other security. After a sale is made of such other security, FTC may apply the proceeds upon the Indebtedness or Mechaly's obligations under the Guaranty with respect to the Indebtedness without affecting the status of or waiving any right to exhaust all or any other security, including the Collateral, and without waiving any breach or default or any right or power whether exercised under this Security Agreement, contained in this Security Agreement, or provided for in respect to any such other security.

10. Preservation and Protection of Security Interest and Other Rights and Interests; Power of Attorney. Mechaly agrees that he will: (1) faithfully preserve and protect the Lien in the Collateral in favor of FTC created by this Security Agreement; and (2) at his own cost and expense, cause such Lien to be perfected and continue to be perfected and to be and remain prior to all other Liens, and for such purpose, will from time to time at the request of FTC file or record, or cause or permit to be filed or recorded, such instruments, documents and notices, including financing statements and continuation statements, as FTC may reasonably deem necessary or advisable from time to time in order to perfect and continue to perfect such Lien and to maintain the priority of such Lien over all other Liens. Mechaly will do all such other acts and things and will execute and deliver such instruments and documents, including, without limitation, security agreements, pledges, endorsements, assignments, and notices, as

FTC may reasonably deem necessary or advisable from time to time in order to perfect and preserve the priority of the Lien in the Collateral in favor of FTC as contemplated by this Security Agreement and to implement and enforce FTC's rights and interests with respect to the Trademarks and the other Collateral. Mechaly agrees that FTC, acting through FTC's officers, employees and authorized agents, is hereby irrevocably appointed by Mechaly as the attorney-in-fact of Mechaly to do, at Mechaly's expense, all acts and things which Mechaly is required to do by the terms of this Security Agreement or which FTC may reasonably deem necessary or advisable to preserve, perfect, continue to perfect and/or maintain the priority of such Liens in the Collateral (including the signing of financing, continuation or other similar statements and notices on behalf of Mechaly), and to enforce, transfer, assign and defend the Trademarks and other Collateral in the exercise of FTC's rights under this Security Agreement (including the filing of an Assignment of the Trademarks in the U.S. Trademark Office after the occurrence of an Event of Default under this Security Agreement). Mechaly hereby authorizes FTC to sign and file financing statements with respect to the Collateral without the signature of Mechaly and Mechaly shall pay all filing fees for financing statements with respect to the Collateral.

11. Effect on FTC Agreements; Cumulative Remedies. The provisions of this Security Agreement are not intended to limit or restrict in any way the rights and remedies of FTC under the FTC Agreements but rather are intended to supplement the exercise of such rights and remedies. All of the rights and remedies of FTC with respect to the Collateral, whether established hereby, by any other agreements, or by law, shall be cumulative and may be exercised singularly or concurrently.

12. Binding Effect; Benefits. This Security Agreement shall be binding upon Mechaly and his respective successors and assigns, and shall inure to the benefit of FTC and FTC's successors and assigns.

13. Miscellaneous. This Security Agreement shall be binding upon Mechaly. FTC may assign all or a portion of FTC's rights under this Security Agreement and may deliver the Collateral, or any part thereof, to any assignee and such assignee shall thereupon become vested with all the powers and rights given to FTC in respect thereof; and FTC shall thereafter be forever relieved and discharged from any liability or responsibility in the matter but, with respect to any Collateral not so delivered or assigned, FTC shall retain all powers and rights given to FTC hereby. The execution and delivery hereafter to FTC by Mechaly of a new security agreement shall not terminate, supersede or cancel this Security Agreement, unless expressly provided therein. This Security Agreement may not be changed or terminated orally, but only by a writing executed by Mechaly and FTC. No delay on the part of FTC in exercising any of FTC's options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of this Security Agreement or any provision hereof or of any other agreement or instrument made or issued in connection herewith or contemplated hereby, nor consent to any departure by Mechaly therefrom, shall in any event be effective, irrespective of any course of dealing between the parties, unless the same shall be in a writing executed by a duly authorized officer of FTC. Such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Mechaly in any case shall thereby entitle Mechaly to any other or further notice or demand in the same, similar or other circumstances. The remedies herein provided are cumulative and not exclusive

of any other remedies provided at equity or by law and all such remedies may be exercised singly or concurrently. The descriptive headings used in this Security Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any provision hereof.

14. APPLICABLE LAW; SEVERABILITY. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH ALL OF THE PROVISIONS OF THE CALIFORNIA UNIFORM COMMERCIAL CODE AND BY THE OTHER INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, EXCEPT FOR THE PERFECTION AND ENDORSEMENT OF SECURITY INTERESTS AND LIENS IN OTHER JURISDICTIONS, WHICH SHALL BE GOVERNED BY THE LAWS OF THOSE JURISDICTIONS OR, AS APPLICABLE, BY THE LAWS OF THE UNITED STATES OF AMERICA. WHENEVER POSSIBLE, EACH PROVISION OF THIS SECURITY AGREEMENT SHALL BE INTERPRETED IN SUCH A MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS SECURITY AGREEMENT SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE ONLY TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISIONS OR THE REMAINING PROVISIONS OF THIS SECURITY AGREEMENT.

15. CONSENT TO JURISDICTION. MECHALY HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IRREVOCABLY AGREES THAT, SUBJECT TO FTC'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. MECHALY EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS.

16. JURY TRIAL WAIVER. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY OF ANY ACTION OR PROCEEDING ASSERTING ANY CAUSE OF ACTION, CLAIM, MOTION, THIRD PARTY CLAIM OR COUNTERCLAIM (COLLECTIVELY, "ACTIONS") ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT. THE PARTIES HEREBY WARRANT AND REPRESENT THAT THEY HAVE EACH HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS. THE PARTIES HERETO DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING APPLICABLE STATE AND FEDERAL LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO AGREE THAT A JUDICIAL REFEREE WILL BE APPOINTED UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 TO DETERMINE ANY FACTUAL ISSUES IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE,

WHETHER ARISING IN CONTRACT, TORT, OR OTHERWISE BETWEEN THE PARTIES HERETO ARISING OUT OF, CONNECTED WITH, RELATED OR INCIDENTAL TO THIS SECURITY AGREEMENT, THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO. THE PARTIES HERETO SHALL SELECT A SINGLE NEUTRAL REFEREE, WHO SHALL BE A RETIRED STATE OR FEDERAL JUDGE WITH AT LEAST FIVE YEARS OF JUDICIAL EXPERIENCE IN CIVIL MATTERS. IF THE PARTIES HERETO CANNOT AGREE UPON A REFEREE, THE REFEREE SHALL BE APPOINTED BY THE COURT. THE PARTIES HERETO SHALL EQUALLY BEAR THE FEES AND EXPENSES OF THE REFEREE UNLESS THE REFEREE OTHERWISE PROVIDES IN THE STATEMENT OF DECISION.

17. MECHALY HAS REVIEWED THIS AGREEMENT AND REPRESENTED HIMSELF IN THE NEGOTIATIONS OF THIS AGREEMENT, WITHOUT THE ASSISTANCE OF LEGAL COUNSEL. MECHALY SIGNS BELOW BASED ON HIS UNDERSTANDING OF THIS AGREEMENT, WITHOUT THE ASSISTANCE OF LEGAL COUNSEL.

IN WITNESS WHEREOF, the parties hereto have duly executed this Security Agreement as of the date first above written.

FRANK MECHALY

Date:

4.3.08

By:

FRANK MECHALY

FTC COMMERCIAL CORP.

Date:

4/3/08

By:

KENNETH L. WENGROD
PRESIDENT

SCHEDULE A

TRADEMARKS

Serial Number

International Registration Number

Word Mark

77016091

0919694

MAY75

SC