

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM329151

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Armand Kramedjian		12/31/2014	INDIVIDUAL: UNITED STATES
RECEIVING PARTY DATA			
Name:	LSQ Funding Group, L.C.		
Street Address:	2600 Lucien Way, Suite 100		
City:	Maitland		
State/Country:	FLORIDA		
Postal Code:	32751		
Entity Type:	LIMITED LIABILITY COMPANY: FLORIDA		
PROPERTY NUMBERS Total: 14			
Property Type	Number	Word Mark	
Registration Number:	4172188	CHEATERS	
Registration Number:	3549024	MELTED ICE CREAM	
Registration Number:	3549023	MELTED ICE CREAM	
Registration Number:	3431929	SOUR WAVE	
Registration Number:	3431928	TOO TARTS	
Registration Number:	3329950	SMART CHOICE	
Registration Number:	3004862	SUCK UPS	
Registration Number:	3329857	SINFULLY DELICIOUS DESSERT SPRAY	
Registration Number:	2960238	SINFULLY DELICIOUS	
Registration Number:	2232349		
Registration Number:	2186996	SOUR POWDER	
Registration Number:	2140375	TOO TARTS	
Registration Number:	1933707	KICKERS	
Registration Number:	1692363	KICKERS	
CORRESPONDENCE DATA			
Fax Number:			
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	2138915031		

CH \$365.00 4172188

Email: trademark@buchalter.com
Correspondent Name: Jessie K. Reider, CA Bar No. 237113
Address Line 1: 1000 Wilshire Blvd., Suite 1500
Address Line 2: Buchalter Nemer, APC
Address Line 4: Los Angeles, CALIFORNIA 90017

ATTORNEY DOCKET NUMBER: L8638-38

NAME OF SUBMITTER: Jessie K. Reider

SIGNATURE: /jkr/

DATE SIGNED: 01/15/2015

Total Attachments: 17

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SECURITY AGREEMENT

This Security Agreement (this "Agreement") dated as of the 31st day of December 2014, is made by and among (i) Armand J. Kramedjian, with a principal residence at 3961 Paces Ferry Drive, Atlanta, Georgia 30339 (the "Guarantor"), and (ii) LSQ Funding Group, L.C., a Florida limited liability company, having an address of 2600 Lucien Way, Suite 100, Maitland, FL 32751 (the "Secured Party").

RECITALS:

- A. Candy Mountain Sweets & Treats, LLC ("Debtor") has entered into certain term loans with the Secured Party, as evidenced by (i) a certain Term Promissory Note dated as of December 31, 2014, given by the Debtor to the Secured Party in the original principal amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00) ("Term Note 1"), and (ii) a certain Term Promissory Note dated as of December 31, 2014, given by the Debtor to the Secured Party in the original principal amount of Two Hundred Thousand and No/100 Dollars (\$200,000.00) ("Term Note 2"). Term Note 1, Term Note 2, this Agreement and all other documents executed and/or delivered in connection herewith, including without limitation the Operating Agreement for Candy Mountain Sweets & Treats, LLC, with either of the term loans from the Secured Party to the Debtor shall be singly and collectively referred to as the "Debtor Loan Documents."
- B. In conjunction with the Debtor Loan Documents, Armand J. Kramedjian ("Guarantor") executed and delivered to the Secured Party a certain Unlimited Guaranty of even date herewith (the "Guaranty"), guaranteeing to the Secured Party the payment and performance of all obligations of the Debtor to the Secured Party, including without limitation those pursuant to the Debtor Loan Documents. The Guarantor has also executed and delivered to the Secured Party a certain Second Priority Deed to Secure Debt, Assignment of Rents and Security Agreement of even date herewith (the "Security Deed") by and from the Guarantor and Ruth P. Kramedjian for certain real property located at 3961 Paces Ferry Drive, Atlanta, GA 30339, as security for the payment and performance of the obligations of the Debtor to the Secured Party, related to that certain Promissory Note, of even date herewith, in an amount not to exceed \$400,000.00.
- C. The Debtor Loan Documents, the Guaranty and the Security Deed shall be singly and collectively referred to as the "Loan Documents." The loans by the Secured Party to the Debtor represented by Term Note 1 and Term Note 2 shall be singly and collectively referred to as the "Loans." All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Security Deed. All references to any of the Loan Documents in this Agreement shall include all amendments, restatements and/or substitutions thereof.
- D. Guarantor has further agreed, pursuant to the terms of this Agreement, to pledge all of his interest in intellectual property to be utilized by Debtor, but owned by Guarantor, as security for his Guaranty.

NOW, THEREFORE, in consideration of and as an inducement to the Secured Party to provide the Loan, the parties hereto, intending to be legally bound, covenant and agree as follows:

Section 1. Definitions.

- (a) Certain Definitions. In addition to the words and terms defined elsewhere in this Agreement, the following words and terms shall have the following meanings, respectively, unless the context hereof otherwise clearly requires:
- (i) “Collateral” shall mean all of the intellectual property owned by Guarantor, formerly utilized by Innovative Candy Company, LLC, and/or The Hammer Corporation and to be utilized by Debtor, (singly and/or collectively) including, without limitation, all of the items identified or described in Exhibit “A” attached hereto and incorporated herein, whether now owned or now due, or in which either Guarantor has an interest or hereafter, at any time in the future, acquired, arising or to become due, or in which either Guarantor obtains an interest, and all products, proceeds, replacements, substitutions and accessions thereof or thereto.

Anything herein or in any of the Loan Documents to the contrary notwithstanding, the term “Collateral” shall not include, and no security interest shall attach to any lease, license, contract, property rights or agreement to which the Guarantor or Debtor is a party or any of such Guarantor’s or Debtor’s rights or interests thereunder, if and for so long as, and only to the extent that, the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of the Guarantor or Debtor therein, or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract property rights or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law or principles of equity); provided however, that the Collateral shall include and such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied and, to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement that does not result in any of the consequences specified in (i) or (ii) above.

- (ii) “Event(s) of Default” shall have the same meaning ascribed to such term in the Guaranty.
- (iii) “Secured Party Affiliate” shall mean any “Affiliate” of the Secured Party or any lender acting as a Participant under any loan arrangement between the Secured Party, the Guarantor and the Debtor. The term “Affiliate” shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a

director or officer (i) of such person, (ii) or any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 10% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

(iv) “Obligations” shall include, without limitation:

- A. all indebtedness of the Debtor to the Secured Party existing as of the date hereof, and/or arising on or after the date hereof under the Loans and/or the Loan Documents, including both principal and interest, and any and all extensions, renewals, restatements, refinancings or refundings, in whole or in part, thereof;
- B. all indebtedness of the Debtor to the Secured Party for reasonable fees and expenses arising in connection with the Loans and/or the Loan Documents, including, without limitation, reasonable attorneys’ fees and legal and other expenses paid or incurred by the Secured Party in connection with the collection of the amounts due hereunder or under the Loans and/or the Loan Documents;
- C. all future advances made by the Secured Party for the protection or preservation of the Collateral or any portion thereof including, without limitation, advances for storage and transportation charges, taxes, insurance, repairs and the like, when and as the same become due, whether at maturity or by declaration, acceleration or otherwise, or, if now due, when payment thereof shall be demanded by the Secured Party;
- D. all other obligations and liabilities of the Debtor to the Secured Party and/or the Secured Party Affiliates, of every kind and description, direct or indirect absolute or contingent, due or to become due, regardless of how it arose or were acquired, now existing or hereafter, including, without limitation and if applicable, all obligations and liabilities of Debtor under all interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements with the Secured Party or the Secured Party Affiliate designed to protect Debtor against fluctuations in interest rates or currency exchange rates, including all hedging obligations of the Debtor to the Secured Party. Notwithstanding any provision to the contrary, “Obligations” secured hereby shall not include obligations arising under any hedging obligation to the extent that

the grant of a lien hereunder to secure such hedging obligation would violate the Commodity Exchange Act by virtue of the Debtor' failure to constitute an "eligible contract participant" as defined in the Commodity Exchange Act at the time such grant of such lien becomes effective with respect to such hedging obligation. "Commodity Exchange Act" means 7 U.S.C. Section 1 et seq., as amended from time to time, any successor statute, and any rules, regulations and orders applicable thereto; and

E. all indebtedness owed by Guarantor to the Secured Party as a result of his Guaranty of the indebtedness owed by Debtor to the Security Party, as further described in A-D above.

(b) Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular the plural and the part the whole, and "or" has the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The section and other headings contained in this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation hereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified. In the event of a conflict between the terms of this Agreement and the terms of the Loan Documents, the Loan Documents shall control to the extent of such conflict.

Section 2. Security Interest. The Guarantor, on the terms set forth in this Agreement and as security for the full and timely payment of the Obligations in accordance with the terms thereof and of the instruments now or hereafter evidencing the Obligations, hereby grant to the Secured Party a continuing security interest, under the Uniform Commercial Code (as in effect on the date hereof and as amended from time to time hereafter) of each state having jurisdiction from time to time with respect to all or any portion of the Collateral (the "Code"), in and a lien on the Collateral. In addition to all the rights given to the Secured Party by this Agreement, the Secured Party shall have all the rights and remedies of a secured party under the Code. In connection with the grant of security interest made hereby, the Guarantor hereby authorizes the Secured Party to file or cause to be filed one or more financing statements, amendments to financing statements and/or in lieu financing statements with any filing office for the purpose of perfecting or continuing the perfection of the security interest in the Collateral.

Section 3. Representations and Warranties. Guarantor represents and warrants to Secured Party that on the Effective Date, that:

(a) Exhibit A lists all Guarantor's subsisting registered Trademarks, and Trademark applications pending, in any IP Filing Office, material unregistered Trademarks, and IP Licenses for Trademarks; each Trademark registration and material unregistered Trademark listed on Exhibit A is valid and enforceable, and is not subject to any overdue IP Filing Office fees; each Trademark application listed on

Exhibit A will to Guarantor's knowledge result in a valid registration for the Trademark; Guarantor has notified Secured Party of all circumstances that could reasonably be expected to lead to the invalidity or unenforceability of a Trademark listed on Exhibit A, including failure to enforce the Trademark against material unauthorized uses by third parties or use of the Trademark that is not supported by the goodwill of the connected business.

- (b) Guarantor does not own, nor claims a right to, any other intellectual property utilized by Innovative Candy Concepts, LLC and/or the Hammer Corporation, and/or which is contemplated to be utilized by Debtor in its business, including without limit no other trademarks, copyrights, patents, and/or other intellectual property, other than the Trademarks listed on Exhibit A.
- (c) Guarantor is the sole legal and equitable owner of, and has good title to, the Collateral, free and clear of any Liens, other than a Lien permitted under the Loan Documents, and or this Agreement, a Lien permitted by Secured Party's express prior written consent, or a Permitted License (each a "Permitted Lien").
- (d) Guarantor is the record owner of all Collateral that is registered, or for which an application is pending, in any IP Filing Office, and there are no gaps in the chain of title to such Collateral.
- (e) Guarantor has not licensed any Collateral to any affiliate or third party.
- (f) Nothing materially adversely affects Guarantor's rights to conduct his business as currently conducted and/or the Guarantor's and/or Debtor's business as to be conducted after the date of this Agreement.
- (g) No third party has a contractual right to require Guarantor to transfer any Collateral.
- (h) Guarantor has not transferred or agreed to transfer any Collateral listed on Exhibit A except in a Transfer that is expressly permitted by the Loan Documents, permitted by Secured Party's express prior written consent.
- (i) No claim is pending or has been made or, to Guarantor's knowledge, is threatened, including via an invitation to license, by any person other than by an IP Filing Office examiner in the ordinary course of prosecution of applications, asserting that any Collateral is invalid or unenforceable or that any such Collateral, or the conduct of Guarantor's business and/or Candy Mountain Sweets & Treats, LLC's business as to be conducted after the date of this Agreement, infringes, dilutes, misappropriates, or otherwise violates the rights of any person.
- (j) To Guarantor's knowledge, neither the use of the Collateral by Guarantor or the Debtor nor the conduct of Guarantor's business or Debtor's (or to be conducted)

business infringes, dilutes, misappropriates, or otherwise violates any intellectual property owned or controlled by any person.

- (k) To Guarantor's knowledge, no person is infringing, diluting, misappropriating, or otherwise violating any of Guarantor's rights in the Collateral and Guarantor has not made any such claim that has not been resolved.
- (l) Guarantor uses consistent standards of quality in all products manufactured, distributed, and sold, and in the performance of services provided, in connection with the Collateral.
- (m) Guarantor has taken and shall take all action necessary to insure that all licensees of the Collateral adhere to Guarantor's established standards of quality for the goods and services provided by the licensee using the licensed trademark.
- (n) There is no effective financing statement or other lien or transfer instrument covering any Collateral that is recorded or filed in any UCC filing office or any IP Filing Office, except those contemplated in this Agreement and the Loan Documents.

Section 4. Principles Applicable to the Collateral. The parties hereto agree that, at all times during the term of this Agreement, the following provisions shall be applicable to the Collateral:

- (a) The Guarantor covenants and agrees that he will keep accurate and complete books and records concerning the Collateral owned by him in accordance with generally accepted accounting principles, consistently applied.
- (b) The Secured Party shall have the right to review the books and records of the Guarantor pertaining to the Collateral and to copy and make excerpts therefrom, all at such times and as often as the Secured Party may reasonably request.
- (c) The Guarantor shall maintain and keep (i) his principal residence, and (ii) his records concerning the Collateral, at the address set forth on the first page of this Agreement, and at no other location without the prior written notice to the Secured Party.
- (d) Notwithstanding the security interest in the Collateral granted to and created in favor of the Secured Party under this Agreement, the Guarantor shall have the right, until one or more Events of Default shall occur or shall exist, to subject the Collateral to a licensing agreement related to the Guarantor's or Debtor's business.
- (e) Notwithstanding the security interest in the Collateral granted to and created in favor of the Secured Party under this Agreement, the Guarantor shall have the right, until such time as the Secured Party shall have notified the Guarantor that it has revoked such right based upon an Event of Default beyond any applicable

grace and cure period, at his own cost and expense to collect any and all licensing fees generated by the Collateral (the "Fees").

- (f) The Secured Party shall have the right after an Event of Default has occurred (i) to revoke the right of the Guarantor granted under subsection (e) of this Section 3 by written notice to the Guarantor to such effect, (ii) to take over and direct collection of any and all Fees of the Guarantor, (iii) to give notice of the Secured Party's security interest in such Fees to any or all persons obligated to the Guarantor thereon, (iv) to direct such persons to make payment of such Fees directly to the Secured Party and (v) to take control of the Collateral, Fees related thereto, and any proceeds thereof.
- (g) The Secured Party shall have the right after an Event of Default to cause a non-interest bearing bank account entitled "Cash Collateral Account" (the "Collateral Account") to be opened and maintained for the Guarantor at the principal office of the Secured Party. All cash proceeds received by the Secured Party from the Guarantor pursuant to subsection (h) of this Section 3 or directly from persons obligated to pay the Fees pursuant to subsection (f) of this Section 3 shall be deposited in the Collateral Account as further security for the payment of the Obligations. The Secured Party shall have sole dominion and control over all funds deposited in the Collateral Account, and such funds may be withdrawn therefrom only by the Secured Party to satisfy Obligations secured by this Agreement.
- (h) Upon notice by the Secured Party to the Guarantor that the Collateral Account has been opened in accordance with subsection (g) of this Section 3, the Guarantor shall cause all cash proceeds collected by him to be delivered to the Secured Party forthwith upon receipt, in the original form in which received, bearing such endorsements or assignments by the Guarantor as may be necessary to permit collection thereof by the Secured Party, and for such purpose the Guarantor hereby irrevocably authorize and empower the Secured Party, its officers, employees and authorized agents, to endorse and sign the name of the Guarantor on all checks, drafts, money orders or other media of payment so delivered and such endorsements or assignments shall, for all purposes, be deemed to have been made by the Guarantor prior to any endorsement or assignment thereof by the Secured Party. The Secured Party may use any convenient or customary means for the purpose of collecting such checks, drafts, money orders or other media of payment.

Section 5. Certain Covenants. Until payment in full of the Obligations, and so long as the Guarantor has any Obligations to the Secured Party under the Loan Documents and this Agreement, the Guarantor agrees that:

- (a) The Guarantor has and will have good and marketable title to the Collateral from time to time owned or acquired by them, free and clear of all liens, encumbrances and security interests, except security interests granted to and created in favor of

the Secured Party and Permitted Liens. The Guarantor will defend such title against the claims and demands of all persons.

- (b) Except as expressly permitted under the Loan Documents and this Agreement, the Guarantor will not, without the prior written consent of the Secured Party: (i) borrow against the Collateral from any person, firm or corporation other than the Secured Party, (ii) create, incur, assume or suffer to exist any mortgage, lien, charge or encumbrance on, or security interest in, or pledge of or conditional sale or other title retention agreement with respect to any of the Collateral, except the security interest created hereunder and Permitted Liens, (iii) permit any levy or attachment to be made against any of the Collateral, (iv) permit any financing statement to be on file with respect to any of the Collateral, except financing statements in favor of the Secured Party or Permitted Liens, or (v) permit any transfer of Collateral without the consent of the Secured Party.

- (c) The Guarantor will faithfully preserve and protect the Secured Party's security interest in the Collateral and will, at his own cost and expense, cause said security interest to be perfected and continued perfected, and for such purpose the Guarantor will from time to time at the request of the Secured Party execute and file or record, or cause to be filed or recorded, such instruments, documents and notices, including, without limitation, financing statements and continuation statements, as the Secured Party may deem necessary or advisable in order to perfect and continue perfected said security interest. The Guarantor will do all such other acts and things and execute and deliver all such other instruments and documents, including, without limitation, further security agreements, pledges and assignments, as the Secured Party may reasonably deem necessary or advisable from time to time in order to perfect and preserve the priority of said security interest as a first lien security interest in the Collateral prior to the rights of all persons therein or thereto. The Secured Party is hereby appointed attorney-in-fact for the Guarantor to do all acts and things which it may deem necessary or advisable to preserve, perfect and continue perfected its security interest in the Collateral, including, without limitation, the signing of financing and other similar statements.
 - (i) To the extent not already registered or the subject of a pending application, Guarantor will promptly register all material copyright and trademark Collateral with the applicable IP Filing Office, and will pursue patents on all material patentable inventions, in each case except to the extent that Guarantor determines in his reasonable business judgment that the costs or risks of such action would materially outweigh the probable benefits.
 - (ii) Within 30 days after obtaining a written assignment of a registered or applied for copyright, patent, or trademark from any person, Guarantor will record the assignment in the applicable IP Filing Office.

- (iii) Guarantor will comply in all material respects with all United States federal, State, and local laws and regulations applicable to any Collateral.
- (iv) Guarantor will take all steps reasonably necessary to: maintain the registrations of all registered Collateral in full force and effect; prosecute any pending applications for Collateral registration, and prevent any material Collateral from being abandoned, forfeited or dedicated to the public, except, in each case, to the extent that Guarantor determines in its reasonable business judgment that such Collateral has minimal commercial value and is no longer used in or useful to the operation of Guarantor's and/or Debtor's business, the failure to take any such steps will not materially affect the value of the Collateral taken as a whole, or the economic costs of such action would materially outweigh the probable economic benefits; such reasonable steps will include taking actions in, or filing responses to office actions issued by, an IP Filing Office, court, or Governmental Authority, paying when due all maintenance and other required fees, filing applications for renewal or extension, filing affidavits under sections 8 and 15 of the Lanham (Trademark) Act, and filing divisional, continuation, continuation-in-part, or reissue applications.
- (v) Guarantor will use proper statutory notices in connection with its use of the Collateral.
- (vi) Guarantor and Debtor will maintain the standards of quality of all products manufactured, distributed, and sold, and in the performance of services provided, in connection with Collateral at a level at least as high as on the Effective Date, unless commercially reasonable business practices justify a change.
- (vii) Guarantor will take all action necessary to insure that all licensees of his Collateral adhere to Guarantor's then-established standards of quality for the goods and services provided by the licensee using the licensed Collateral.
- (viii) Guarantor will promptly notify Secured Party, providing reasonable details, of any person's infringement, dilution, misappropriation, or other violation of any Collateral, and take all reasonable actions to stop such infringement, dilution, misappropriation, or other violation, which actions may include seeking damages for or an injunction against such conduct.
- (ix) Guarantor will promptly notify Secured Party, providing reasonable details, of the institution of any proceeding in any court or administrative body or any IP Filing Office regarding the validity or enforceability of, or Guarantor's right to register, own, or use, any material Collateral, and of any adverse determination on the merits in any such proceeding (in each case other than non-final IP Filing Office "office actions" by examiners in

the ordinary course of prosecution of applications), and take all commercially reasonable steps to defend its rights in the Collateral in interference, reexamination, opposition, cancellation, infringement, dilution, misappropriation, and other proceedings.

- (x) Guarantor will notify Secured Party of each acquisition after the Effective Date of an interest in a registered or applied-for Copyright, Patent, Trademark, or Domain Name, or an intellectual Property of a type required to be disclosed on the Effective Date.
 - (xi) Guarantor will provide the notice by the 10th business day following the end of the calendar quarter in which the interest was acquired, along with addenda to Exhibit A as appropriate, listing the acquired interests (an "Addendum"). Each Addendum will become part of the relevant Exhibit A effective upon Secured Party's receipt of the Addendum.
 - (xii) Without limiting Guarantor's Obligations, the Secured Party may at any time unilaterally provide an Addendum to Exhibit A, as appropriate, to include any such after-acquired Collateral, whether or not Guarantor has notified Secured Party of its acquisition. Any such Addendum will become a part of Exhibit A effective upon Secured Party's sending a copy of the Addendum to Guarantor. Guarantor's or Secured Party's failure to provide an Addendum will not affect, invalidate, release, limit, or detract from the Security Interest in the after-acquired Collateral or other Collateral.
 - (xiii) With each Addendum delivered to Secured Party, Guarantor will also deliver (unless previously delivered) executed Notices of Copyright Security Interest, Notices of Patent Security Interest, and Notices of Trademark Security Interest, as applicable, for the intellectual property listed on the Addendum, which Secured Party may file with the applicable IP Filing Office. If Guarantor does not deliver any such Notice, Secured Party may prepare and execute an appropriate Notice on Guarantor's behalf and file it in the applicable IP Filing Office.
 - (xiv) Guarantor will promptly notify the Secured Party of any commercial tort claim with respect to any Collateral in a signed writing that gives brief details of the claim and grants Secured Party a security interest in the claim and any proceeds, all upon the terms of this Agreement.
- (d) The Guarantor assumes full responsibility for taking any and all necessary steps to preserve his rights in the Fees. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of such of the Collateral as may be in its possession if it takes such action for that purpose as the Guarantor shall request in writing, provided that such requested action shall not, in the reasonable judgment of the Secured Party, impair the Secured Party's security

interest in the Collateral or its rights in, or the value of, the Collateral, and provided further that such written request is received by the Secured Party in sufficient time to permit it to take the requested action.

- (f) The Guarantor will pay and discharge all taxes, levies and other impositions levied or assessed against the Collateral. If Guarantor fails to do so, the Secured Party may pay the cost of such repairs or maintenance and such taxes, levies or other impositions for the account of the Guarantor and add the amount thereof to the Obligations.

Section 6. Events of Default.

- (a) If one or more Events of Default shall occur, the Secured Party may forthwith proceed to exercise any one or more of the rights and remedies afforded a secured party by the Code and such other rights and remedies which it may have at law or in equity, under this Agreement, all of which rights and remedies shall, to the full extent permitted by law, be cumulative. Without limitation upon the foregoing and to the extent permitted by law, the Secured Party shall have the right without demand or prior notice to the Guarantor or any other person, except as otherwise required by law (and if notice is required by law, after ten (10) days' prior written notice unless otherwise required by applicable law, to Guarantor at his address set forth in this Agreement) and without prior judicial hearing or legal proceedings, all of which the Guarantor hereby expressly waive:
 - (i) to enforce collection, at the Guarantor's expense and either in the name of the Secured Party or the name of the Guarantor, of any or all of the Fees by suit or otherwise, to surrender, release or exchange all or any part thereof, or to compromise or extend or renew (whether or not longer than the original period) any indebtedness thereunder;
 - (ii) to take over and perform any contract of the Guarantor and to take control of any and all licensing agreements related to the Collateral, Fees, and proceeds arising therefrom;
 - (iii) to sell all or any portion of the Collateral at public or private sale at such place or places and at such time or times and in such manner and upon such terms, whether for cash or credit, as the Secured Party in its sole discretion may determine; and
 - (v) to endorse in the name of the Guarantor any instrument, howsoever received by the Secured Party, representing proceeds of any of the Collateral.

The Secured Party shall, at Secured Party's option, apply the proceeds of any sale or other disposition of any realization of the Collateral after default first to the payment of the reasonable costs and expenses incurred by the Secured Party in

connection with such sale or other disposition or realization, including reasonable attorneys' fees and legal expenses, second to the repayment of the Obligations to the Secured Party, whether on account of principal or interest or otherwise as the Secured Party in its sole discretion may elect, and then to the payment of the balance, if any, as required by law. If the proceeds of any such sale or other disposition of the Collateral are insufficient to pay the Obligations and the Secured Party's reasonable costs hereunder and under the Credit Agreement, the Guarantor shall be liable for any deficiency.

- (b) Upon the occurrence of any Event of Default, the Guarantor shall promptly upon demand by the Secured Party assemble the Collateral and take the necessary and appropriate steps to assign the Collateral to the Secured Party. The right of the Secured Party under this Section to have the Collateral assembled and assigned to it is the essence of this Agreement and the Secured Party may, at its election, enforce such right by a bill in equity for specific performance.

Section 7. Defeasance. Upon payment in full of the Obligations and provided that the Guarantor shall not have any right to future advances under the Loan Documents, this Agreement shall terminate and be of no further force or effect, and upon request by the Guarantor, the Secured Party shall, within a reasonable period of time, take such action as is reasonably requested to record such releases or termination statements pertaining to the liens granted in this Agreement. Until such time, however, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 8. Subrogation and Marshaling. The Guarantor hereby waives, surrenders and agrees not to claim or enforce, so long as the Obligations or any portion thereof remains outstanding, (a) any right to be subrogated in whole or in part to any right or claim of the holder of any part of the Obligations, and (b) any right to require marshaling of any of the Collateral of the Guarantor which right of subrogation or marshaling might otherwise arise from any payment to the holder of any part of the Obligations arising out of the enforcement of the security interest granted hereby, or any other mortgage or security interest granted by the Guarantor or any other person to the Secured Party, or the liquidation of or the realization upon the Collateral, any other collateral granted by the Guarantor or any other person to the Secured Party, or any part thereof.

Section 9. Severability. If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

Section 10. No Waiver; Rights Cumulative. No failure or delay on the part of the Secured Party in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof or of any other right, remedy, power or privilege hereunder or under this Agreement or the Loan Documents; nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or of any other right, remedy, power or privilege. The rights and remedies of the Secured Party under this Agreement are cumulative and not exclusive of any rights or remedies which it may otherwise have. No modification or

waiver of any provision of this Agreement nor consent to any departure by the Guarantor therefrom shall be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specified instance and for the specific purpose for which given. The obligations of the Guarantor under this Agreement are joint and several.

Section 11. Notices. Any notice, request, demand or other communication required or permitted hereunder shall be given in writing by delivering the same in person to the intended addressee, by overnight courier service with guaranteed next day delivery or by certified United States Mail, postage prepaid or telegram sent to the intended addressee at the applicable address set forth on Page 1 hereof or to such different address as either the Guarantor or the Secured Party shall have designated by written notice to the other sent in accordance herewith. Such notices shall be deemed given when received or, in the case of delivery by courier service with guaranteed next day delivery, rebuttably presumed to have been given the next day or the day designated for delivery, or in the case of delivery by certified United States mail, five days after deposit therein.

Section 12. Governing Law; Waiver. The Code shall govern the attachment, perfection and the effect of attachment and perfection of the Secured Party's interest in the Collateral, and the rights, duties and obligations of the Guarantor and the Secured Party with respect thereto. This Agreement shall be deemed to be a contract under the laws of the State of Georgia, without regard to its conflict of laws principles, and the execution and delivery hereof and, to the extent not inconsistent with the preceding sentence, the terms and provisions hereof, shall be governed by and construed in accordance with the laws of said jurisdiction.

THE GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A JURY IN ANY PROCEEDINGS HEREAFTER INSTITUTED BY OR AGAINST THE GUARANTOR IN RESPECT OF OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS AND/OR ANY DOCUMENT, INSTRUMENT OR AGREEMENT EVIDENCING, GOVERNING OR SECURING ANY OF THE LOAN DOCUMENTS AND/OR THIS AGREEMENT.


Section 13. Survival. All representations, warranties, covenants and agreements of the Guarantor contained herein or made in writing in connection herewith shall survive the execution and delivery of this Agreement and the extension, modification and/or substitution of the Obligations, and/or any of the Loan Documents including any extension, modification and/or substitution of the Loan Documents.

Section 14. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which taken together shall be deemed to be one and the same document.

IN WITNESS WHEREOF, this Agreement has been executed and delivered under seal as of the date first written above.

SECURED PARTY:

LSQ FUNDING GROUP, L.C.

By: 
Name: Roger Allen
Title: COO

GUARANTOR:

ARMAND J. KRAMEDJIAN

By: _____
Armand J. Kramedian

IN WITNESS WHEREOF, this Agreement has been executed and delivered under seal as of the date first written above.

SECURED PARTY:

LSQ FUNDING GROUP, L.C.

By: _____
Name: _____
Title: _____

GUARANTOR:

ARMAND J. KRAMEDJIAN

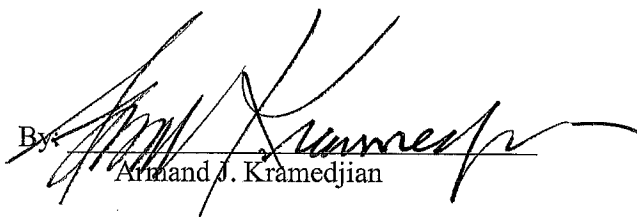
By:  _____
Armand J. Kramedian

EXHIBIT "A"

Copyrights, meaning any United States:

- (a) copyrights, whether registered or unregistered, whether in published or unpublished works [of authorship],
- (b) copyright registrations or applications in any IP Filing Office,
- (c) mask works (meaning a layered blueprint of the circuitry in a computer chip as protected under Chapter 9 of Title 17 of the United States Code), and
- (d) copyright renewals or extensions.

Patents, meaning any United States:

- (a) issued patents (whether utility or design), patent applications, or certificates of invention in any IP Filing Office,
- (b) continuations, continuations-in-part, divisions, extensions, reissuances, or reexaminations of a patent or patent application in any IP Filing Office, and
- (c) inventions described and claimed in any patent or patent application.

Trademarks, meaning any United States

- (a) trademarks, service marks, certification marks, trade names, or other types of source identifier, whether statutory or common law, and whether registered or unregistered,
- (b) corporate and company names, business names, trade styles, designs, logos, or trade dress,
- (c) the goodwill of the business connected with the use of or symbolized by the trademark or service mark, and
- (d) any registrations, renewals, applications and other filings for any trademarks in any IP Filing Office.

Domain Names, meaning any Internet domain names.

Other Intellectual Property, meaning any intellectual property recognized by the laws of the United States or any State, other than a Copyright, Patent, Trademark, or Domain Name, whether statutory or common law, registered or unregistered, published or unpublished, including

- a trade secret or other proprietary or confidential information or data,
- rights with respect to software, programming codes, inventions, technical information, procedures, designs, know-how, data and databases, processes, models, drawings, plans, specifications, and records, and
- rights of publicity and privacy with respect to natural persons.

IP Licenses, meaning any agreements, whether or not styled as a "license,"

- (a) that grant a Person an exclusive or non-exclusive license or other right to use or exercise rights in Intellectual Property, other than a software license to the extent the software constitutes "goods" under section 9-102(a) of the UCC, or

- (b) that obligate a Person to refrain from using or enforcing any Intellectual Property, including settlements, consents-to-use, non-assertion agreements, or covenants-not-to-sue.

IP-Related Rights, meaning any

(a) rights to royalties, revenues, income, or other payments arising from a Copyright, Patent, Trademark, Domain Name, Other Intellectual Property, or IP License, and

(b) causes of action or rights to claim, sue or collect damages for, or enjoin or obtain other legal or equitable relief for, an infringement, misuse, misappropriation, dilution, violation, unfair competition, or other impairment (whether past, present, or future, and including expired items) of Intellectual Property (as defined below).

Associated Property, meaning any

(a) accounts, deposit accounts, general intangibles, instruments, investment property, or other personal property at any time constituting, evidencing, or arising under or with respect to Intellectual Property or IP Licenses,

(b) commercial tort claims related to Intellectual Property or IP Licenses and described on a record authenticated by Guarantor as required by UCC Article 9,

(c) books, records, information, and data with respect to Intellectual Property or IP Licenses, and

(d) substitutions and replacements for any such property, and

Proceeds of any of the foregoing, meaning

(a) "proceeds," as defined in Article 9 of the UCC, and

(b) additional or replacement collateral provided during, or payment or property received in, an Insolvency Proceeding on account of any "secured claim" (within the meaning of section 506(b) of the Bankruptcy Code or similar Bankruptcy Law).

Including without limitation the following Trademarks:

	Serial No.	Registration No.	
1	85044594	4172188	CHEATERS
2	77305432	3549024	MELTED ICE CREAM
3	77305419	3549023	MELTED ICE CREAM
4	77034293	3431929	SOUR WAVE
5	77034288	3431928	TOO TARTS
6	76609241	3329950	SMART CHOICE
7	76977629	3004862	SUCK UPS
8	76521657	3329857	SINFULLY DELICIOUS DESSERT SPRAY
9	76489109	2960238	SINFULLY DELICIOUS
10	75470975	2232349	MISC. DESIGN
11	75365142	2186996	SOUR POWDER
12	75198882	2140375	TOO TARTS
13	74419656	1933707	KICKERS
14	74076957	1692363	KICKERS