

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	Pledge of Trademarks as Security		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Vardi Stone House, Inc. (a/k/a Vardi Stonehouse, Inc.)		02/17/2005	CORPORATION: NEW YORK
RECEIVING PARTY DATA			
Name:	Rosenthal & Rosenthal, Inc.		
Street Address:	1370 Broadway		
City:	New York		
State/Country:	NEW YORK		
Postal Code:	10018		
Entity Type:	CORPORATION:		
PROPERTY NUMBERS Total: 12			
Property Type	Number	Word Mark	
Serial Number:	78351057	IMPERIAL FLUORITE	
Serial Number:	76456197	PLATINUM SAPPHIRE	
Serial Number:	76495702	ENDICRON	
Serial Number:	76495701	RAINBOW AQUA	
Serial Number:	76453335	ROYAL APATITE	
Serial Number:	76264696	NO ONE COLORS THE WORLD LIKE WE DO	
Serial Number:	75314736	FLAMINGO TOPAZ	
Serial Number:	75901102	CANARY AQUA	
Serial Number:	75668736	ROSE DE FRANCE	
Serial Number:	75622532	WHITE AQUA	
Serial Number:	75549568	PEACHFIRE	
Serial Number:	75098024	PITTADO	
CORRESPONDENCE DATA			

OP \$315.00 78351057

Fax Number: (973)966-1015
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
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Correspondent Name: Julie Ann Hyde
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Address Line 4: Florham Park, NEW JERSEY 07932

NAME OF SUBMITTER:	Julie Ann Hyde
Signature:	/Julie Ann Hyde/
Date:	02/21/2005

Total Attachments: 12
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Prepared by, Record and Return to:
MICHAEL P. TURNER, ESQ.
Pitney Hardin LLP
P.O. Box 1945
Morristown, NJ 07962-1945

PLEDGE OF TRADEMARKS AS SECURITY

This Pledge of Trademarks as Security ("Pledge") made as of the 17th day of February, 2005, by **VARDI STONE HOUSE, INC. (a/k/a Vardi Stonehouse, Inc.)**, a corporation of the State of New York, having its principal place of business at 31-00 47th Avenue, 2nd Floor, Long Island City, New York 11101 ("Pledgor"), and delivered to **ROSENTHAL & ROSENTHAL, INC.**, having a location at 1370 Broadway, New York, New York 10018 ("Lender").

WITNESSETH:

WHEREAS, Pledgor has adopted, used and is using (or has filed applications, other than intent-to-use applications, for the registration of) the trademarks, service marks and trade names listed on Schedules "A-1" and "A-2" annexed hereto (all such marks or names hereinafter referred to as the "Trademarks"), as evidenced by (with respect to the Trademarks listed on Schedule A-1) records in the United States Patent and Trademark Office; and

WHEREAS, Pledgor is the owner of and has exclusive right, title and interest in and to said Trademarks; and

WHEREAS, Lender is contemporaneously herewith entering into a Financing Agreement with Pledgor, as amended and supplemented from time to time (the "Financing Agreement") pursuant to which loans and advances may be made by Lender to Pledgor (hereinafter collectively referred to as the "Loan") and certain other documents and agreements relating thereto (collectively, the "Loan Documents"); and

WHEREAS, Lender desires to acquire a lien and security interest on the Trademarks and the registration thereof, together with all the goodwill of the Pledgor associated therewith and represented thereby, as security for the Loan and all other obligations of Pledgor to Lender related thereto, and Lender desires to have its security interest in such Trademarks confirmed by a document identifying same and in such form that it may record in the United States Patent and Trademark Office.

NOW THEREFORE, in consideration of the foregoing premises and mutual promises herein contained, Pledgor and Lender, intending to be legally bound, hereby covenant and agree as follows (all capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Financing Agreement):

1. Grant of Security Interest. In consideration of and pursuant to the terms of the Loan Documents, and for other good, valuable and sufficient consideration, the receipt and sufficiency of which is hereby acknowledged, and to secure payment and performance of the Obligations, the Pledgor grants a lien and security interest to the Lender in all its present and future right, title and interest in and to the Trademarks, together with all the goodwill and other tangible assets of the Pledgor associated with and represented by the Trademarks, and the non-intent-to-use applications for and registration thereof and the right (but not the obligation) to sue for past, present and future infringements, and the proceeds thereof, including, without limitation, license royalties and proceeds of infringement suits.

2. Representations and Warranties. The Pledgor represents, warrants and covenants that: (a) the Trademarks are subsisting and have not been abandoned, suspended, voluntarily terminated or canceled by the Pledgor, have not been adjudged invalid or unenforceable, and to the best of the Pledgor's knowledge, there is no reason why the Trademarks should be adjudged invalid or unenforceable; (b) each of the Trademarks listed on Schedule A-1 is valid and enforceable; (c) the Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks, and each of the Trademarks is free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses and covenants by the Pledgor not to sue third persons (except for the subordinate security interest granted by Pledgor in favor of PNC Bank, National Association); (d) the Pledgor has the unqualified right to enter into this Agreement and perform its terms; (e) the Pledgor has used, and will continue to use for the duration of this Pledge, proper notice, as required by 15 U.S.C. §§ 1051-1127 in connection with its use of the Trademarks; (f) the Pledgor has used, and will continue to use for the duration of this Pledge, consistent standards of quality in products leased or sold under the Trademarks; (g) the Pledgor will not (and will not permit any licensee thereof to) do any act or knowingly omit to do any act whereby any of the Trademarks may become invalidated, abandoned, unenforceable, avoided, avoidable or otherwise materially diminished in value, and shall notify Lender immediately if it knows of any reason or has any reason to know of any grounds under which any of the foregoing may occur; and (h) the Pledgor has no notice of any suits or actions commenced or threatened against it, or notice of claims asserted or threatened against it, with reference to the Trademarks and the interests granted herein.

3. Verification of Quality Control. The Pledgor hereby grants to the Lender and its employees and agents the right to visit the Pledgor's locations which lease, sell, or store products under any of the Trademarks and to inspect the products and quality control records relating thereto upon reasonable advance notice, at reasonable times during regular business hours to ensure the Pledgor's compliance with paragraph 2(f) above. Any such inspections shall, so long as there has occurred no default hereunder or Event of Default under the Loan Documents, be conducted in such a manner so as to minimize any disruption of Pledgor's ordinary business activities.

4. Covenants. The Pledgor further covenants that until all of the Obligations have been satisfied in full, unless Lender gives its prior written consent to the contrary: (a) the Pledgor shall maintain the Trademarks in full force and effect to the extent necessary for Pledgor's business in the ordinary course; (b) the Pledgor will not enter into any agreement, including without

limitation, any license agreement, which is inconsistent with the Pledgor's obligations under this Pledge or which restrict or impair the Lender's rights hereunder; (c) if the Pledgor acquires rights to any new non-intent-to-use Trademarks, the provisions of this Pledge shall automatically apply thereto and the Pledgor shall give the Lender prompt written notice thereof along with an amended Schedule A. Notwithstanding anything contained in this Pledge to the contrary, if any of the Trademarks which are subject to an examiner's review prepublication are rejected, or do not ripen into a registered Trademark through no fault of Pledgor, and if such Trademark is not necessary for Pledgor's business in the ordinary course, as determined by Pledgor, such determination being established by Pledgor to the reasonable satisfaction of Lender, Pledgor need not take further action to prosecute the registration of such Trademark and, at that juncture, the representations, warranties and covenants with respect to such Trademark shall no longer be applicable.

5. Use of Trademarks. So long as this Pledge is in effect and so long as the Pledgor has not received notice from the Lender that an Event of Default has occurred under the Loan Documents and that the Lender has elected to exercise its rights to assignment hereunder, the Pledgor shall continue to have the exclusive right to use the Trademarks in the ordinary course of business, including the right to enter into agreements and licenses thereof, or pertaining thereto.

6. Negative Pledge. The Pledgor agrees not to sell, assign (by operation of law or otherwise) or further encumber its rights and interest in the Trademarks without prior written consent of the Lender. The Pledgor shall defend the Trademarks against and shall take other action as is necessary to remove any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks and upon Lender's request will defend the right, title and interest of the Lender in and to any of the Pledgor's rights under the Trademarks against the claims or demands of all persons whatsoever. Notwithstanding the foregoing, Pledgor shall not be required to defend any nullification, cancellation or concurrent registration proceeding if it believes, after receiving a written opinion rendered by reputable intellectual property counsel, that it would not prevail before the Trademark Trial and Appeal Board.

7. No Additional Trademarks. As of the date hereof, the Pledgor does not have any Trademarks registered in or the subject of pending applications in the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, other than those grants, registrations or applications for registrations listed on Schedule A annexed hereto and made a part hereof.

8. Pledge of Additional Trademarks. In the event the Pledgor, either itself or through any agent, employee, licensee or designee shall:

(a) file or record an application for the registration of any Trademark with the United States Patent and Trademark Office or any similar office or agency of the United States, any State thereof, or any other country or any political subdivision thereof; or

(b) file or record any assignment of any Trademark which the Pledgor may acquire, own or license from a third party, with the United States Patent and Trademark Office or any

similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof;

the Pledgor shall promptly, but in no event more than fifteen (15) days subsequent to such filing, notify the Lender thereof, and, upon request of the Lender shall promptly, but in no event more than twenty (20) days subsequent to such notice, execute and deliver any and all assignments, agreements, instruments, documents and papers as the Lender may reasonably request to evidence the Lender's interest in such Trademark and the goodwill of the Pledgor associated thereto or represented thereby. The Pledgor hereby grants the Lender a power of attorney, irrevocable until the Obligations are fully paid and satisfied, to modify this Pledge by amending Schedule A to include any future Trademarks or licenses including, without limitation, registrations or applications appurtenant thereto, covered by this Agreement. Lender shall endeavor to deliver to Pledgor any such amendments or modifications within a reasonable period of time after such amendments or modifications are executed pursuant to said power of attorney, provided, however, Lender's failure to do so shall not result in a claim or cause of action by Pledgor against Lender.

9. Remedies Upon Default. (a) Anything herein contained to the contrary notwithstanding, if and while either the Pledgor shall be in default hereunder or an Event of Default exists under the Loan Documents, the Pledgor hereby covenants and agrees that the Lender, as the holder of a security interest under the Uniform Commercial Code, may take such action permitted under the Loan Documents or permitted by law, in its exclusive discretion, to foreclose upon the Trademarks covered hereby.

(b) For such purposes, and in the event of the Pledgor's default hereunder or an Event of Default under the Loan Documents and while such default or Event of Default exists, the Pledgor hereby authorizes and empowers the Lender to make, constitute and appoint any officer or agent of the Lender as the Lender may select, in its exclusive discretion, as the Pledgor's true and lawful attorney-in-fact, with the power to endorse the Pledgor's name on all applications, documents, papers and instruments necessary for the Lender to use the Trademarks or to grant or issue any exclusive or non-exclusive license under the Trademarks to anyone else, or necessary for the Lender to assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to itself or to anyone else. The Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof, except for the gross negligence or willful misconduct of such attorney. This power of attorney shall be irrevocable for the life of this Pledge and the Loan Documents, and until all the Obligations are satisfied in full.

(c) The Pledgor expressly acknowledges that this Agreement shall be recorded with the Patent and Trademark Office in Washington, D.C. Contemporaneously herewith, the Pledgor shall also execute and deliver to the Lender such documents as the Lender shall reasonably request to permanently assign all rights in the Trademarks to the Lender, which documents shall be held by the Lender, until the occurrence of an Event of Default hereunder or under the Loan Documents. After such occurrence, the Lender may, at its sole option, record such documents with the Patent and Trademark Office.

10. Subject to Financing Agreement. This Pledge shall be subject to the terms, provisions, and conditions set forth in the Financing Agreement and may not be modified without the written consent of the party against whom enforcement is being sought.

11. Inconsistent with Financing Agreement. All rights and remedies herein granted to the Lender shall be in addition to any rights and remedies granted to the Lender under the Loan Documents. In the event of an inconsistency between this Agreement and the Financing Agreement, the language of the Financing Agreement shall control. The terms and conditions of the Financing Agreement are hereby incorporated herein by reference.

12. Termination of Agreement. Upon payment and performance of all Obligations under the Loan Documents, the Lender shall execute and deliver to the Pledgor all documents necessary to re-vest all rights in and to the Trademarks in the Pledgor and/or terminate any interest of the Lender therein.

13. Prosecution of Trademark Applications. (a) With respect to any Trademarks that are necessary to the business and operation of Pledgor, the Pledgor shall have the duty to prosecute diligently any Trademark application with respect to the Trademarks pending as of the date of this Pledge or thereafter, until the Obligations shall have been satisfied in full, to preserve and diligently maintain all rights in the registration and grant of the Trademarks to halt any infringement of the Trademarks and upon reasonable request of the Lender, the Pledgor shall make federal application on registerable but unregistered trademarks belonging to the Pledgor. Any reasonable expenses incurred in connection with such applications or defense of said Trademarks shall be borne by the Pledgor. The Pledgor shall not abandon any Trademark without the written consent of the Lender.

(b) The Pledgor shall have the right to bring suit in its own name to enforce the Trademarks, in which event the Lender may, if the Pledgor deems it necessary or after an Event of Default under the Loan Documents, be joined as a nominal party to such suit if (i) the Lender shall have been satisfied that it is not thereby incurring any risk of liability because of such joinder, or (ii) if Lender determines, in its sole discretion, that it is or may be subject to a risk of liability as a result of such joinder, Lender may be joined as a nominal party if it is indemnified, to its satisfaction, and such indemnity obligation shall be collateralized in a manner and with collateral that is satisfactory, in all respect, to Lender. The Pledgor shall promptly, upon demand, reimburse and indemnify the Lender for all damages, reasonable costs and reasonable expenses, including attorneys' fees, incurred by the Lender in the fulfillment of the provisions of this paragraph and all other actions and conduct of the Pledgor with respect to the Trademarks during the term of this Agreement.

14. Responsibility and Liability. The Pledgor assumes all responsibility and liability arising from the use of the Trademarks, and hereby indemnifies and holds the Lender, until such time as Pledgor ceases to be the owner of the Trademarks, and each director, officer, employee, affiliate and agent thereof, harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees and expenses) arising out of any alleged defect in any product manufactured, promoted or sold by the Pledgor in connection with any of the Trademarks or otherwise arising out of the Pledgor's operation of its business from the use of the Trademarks.

In any suit, proceeding or action brought by the Lender under any license for any sum owing thereunder, or to enforce any provisions of such license, the Pledgor will indemnify and keep the Lender harmless from and against all expense, loss or damage suffered by reason of any defense, set off, recoupment, claim, counterclaim, reduction or liability whatsoever of the obligee thereunder or arising out of a breach of the Pledgor of any obligation thereunder or arising out of any agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Pledgor, and all such Obligations of the Pledgor shall be and remain enforceable against and only against the Pledgor and shall not be enforceable against the Lender.

15. Lender's Rights. The Lender may, in its sole discretion, pay any amount or do any act required of the Pledgor hereunder or requested by the Lender to preserve, defend, protect, maintain, record or enforce the Pledgor's obligations contained herein, the Obligations of the Pledgor to the Lender, the Trademarks or the right, title and interest granted the Lender herein, and which the Pledgor fails to do or pay, and any such payment shall be deemed an advance by the Lender to the Pledgor and shall be payable on demand together with interest thereon at the default rate specified in the Loan Documents.

16. Protection of the Trademarks. The Pledgor agrees that if it learns of any use by any person or any term or design likely to cause confusion with any Trademark, or of any claim of any lien, security interest, claim, right or other encumbrance of any nature whatsoever in or to the Trademarks, the Pledgor shall promptly notify the Lender of such use, lien, security interest, claim, right or other encumbrance and, if requested by the Lender, shall join with the Lender, at the Pledgor's expense, in such action as the Lender, in its reasonable discretion, may deem advisable for the protection of the Lender's interest in and to the Trademarks, it being understood that the foregoing shall not preclude the Pledgor from bringing an action against a person for the protection of the Pledgor's interest in and to such Trademarks.

17. Additional Remedies. Upon the occurrence of an Event of Default under the Loan Documents, the Lender may, without any obligation to do so, complete any obligation of the Pledgor hereunder, in the Pledgor's name or in the Lender's name, but at the Pledgor's expense, and the Pledgor hereby agrees to reimburse the Lender in full for all reasonable expenses, including reasonable attorney's fees, incurred by the Lender in protecting, defending and maintaining the Trademarks.

18. Governing Law. THIS PLEDGE WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE LENDER'S OFFICE INDICATED ABOVE IS LOCATED, EXCLUDING ITS CONFLICT OF LAWS RULES, EXCEPT THAT THE FEDERAL LAWS OF THE UNITED STATES OF AMERICA SHALL GOVERN TO THE EXTENT APPLICABLE.

19. Counterparts. This Pledge may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Pledge by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Pledge by facsimile transmission shall promptly deliver a manually


executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

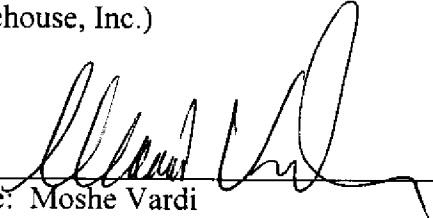
[END OF TEXT; SIGNATURE PAGE FOLLOWS]

WITNESS the due execution hereof as a document under seal, as of the date first written above.

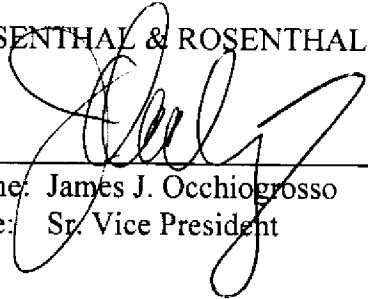
WITNESS/ATTEST:

VARDI STONE HOUSE, INC. (a/k/a Vardi Stonehouse, Inc.)


Name: Gerald W. Thompson
Title: President

By: 
Name: Moshe Vardi
Title: Chief Executive Officer

ROSENTHAL & ROSENTHAL, INC.

By: 
Name: James J. Occhiogrosso
Title: Sr. Vice President

SCHEDULE A-1 TO
PLEDGE OF TRADEMARKS AS SECURITY

TRADEMARKS
(Registered/Filed)

Trademark	Application or Registration Number	Registration or Filing Date
Imperial Fluorite	78351057	
Platinum Sapphire	76456197	
Endicron	76495702	
Rainbow Aqua	76495701	
Royal Apatite	76453335	
No One Colors the World Like We Do	76264696	2655933
Flamingo Topza	75314736	2185731
Canary Aqua	75901102	2628804
Rose De France	75668736	2419982
White Aqua	75622532	2432162
Peachfire	75549568	2386311
Pittado	75098024	2357871

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SCHEDULE A-2 TO
PLEDGE OF TRADEMARKS AS SECURITY

TRADEMARKS
(Common Law)

Trademark	Status
NONE	