

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
Intrigue Spirits, LLC		09/28/2004	LTD LIAB JT ST CO: DELAWARE
RECEIVING PARTY DATA			
Name:	MK Enterprises		
Street Address:	2100 Jackson Street		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94115		
Entity Type:	CORPORATION: DELAWARE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2979461	INTRIGUE	
CORRESPONDENCE DATA			
Fax Number:	(415)433-6563		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(415) 781-4400		
Email:	bob@mbvllaw.com		
Correspondent Name:	Robert T. Burke		
Address Line 1:	MBV Law LLP		
Address Line 2:	855 Front Street		
Address Line 4:	San Francisco, CALIFORNIA 94111		
NAME OF SUBMITTER:	Mark Lyons		
Signature:	/Mark Lyons/		
Date:	09/08/2005		

OP \$40.00 2979461

Total Attachments: 10

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SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of September 28, 2004 ("*Security Agreement*") is made by Intrigue Spirits, LLC, a Delaware limited liability company ("*Grantor*"), in favor of MK Enterprises, Inc., a Delaware corporation ("*Secured Party*").

RECITALS

Pursuant to a Secured Promissory Note of even date herewith, Secured Party has agreed to loan Grantor \$2,000,000, which loan shall be secured by the Collateral (as defined below) of Grantor.

AGREEMENT

NOW, THEREFORE, Grantor hereby represents, warrants, covenants and agrees as follows:

1. **DEFINED TERMS.** The following capitalized terms shall have the following meanings:

"Collateral" means all tangible and intangible personal property of Grantor and all of Grantor's right, title and interest therein and thereto), whether now owned by Grantor or acquired by Grantor after the date hereof at any time, including, but not limited to all goods, equipment, inventory, accounts, chattel paper, instruments, promissory notes, general intangibles, payment intangibles, letter-of-credit rights, supporting obligations, commercial tort claims, investment property, deposit accounts and proceeds (including cash and non-cash proceeds), all as defined in Section 9102 of Division 9 of the California Uniform Commercial Code.

"Event of Default" means: (i) any report, information or notice made to, obtained or received by Secured Party at any time after the date hereof indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in such report, information or notice; (ii) any breach by Grantor of any warranty, representation, or covenant set forth herein; (iii) any default by Grantor under the terms of the Secured Promissory Note dated as of the date hereof made by Grantor in favor of Secured Party (the "Note"); and (iv) if Grantor becomes insolvent, or if an Insolvency Proceeding is commenced by Grantor, or if an Insolvency Proceeding is commenced against Grantor and is not dismissed or stayed within thirty (30) days; provided, however, an Event of Default will not occur until Grantor has received written notice from Secured Party stating that an Event of Default will occur unless Secured Party cures such default as is specified in the notice within 30 days, and Secured Party fails to cure such default as is specified within 30 days. As used herein "Insolvency Proceeding" means any proceeding commenced by or against any person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

“Proceeds” means and includes any *“proceeds,”* as such term is defined in Article 9 of the UCC, now or hereafter owned or acquired or received by Grantor or in which Grantor now holds or hereafter acquires or receives any right or interest, and shall with respect to the Collateral include, in any event, any and all (a) accounts, chattel paper, instruments, investment property, cash or other forms of money, currency or funds or other property of any nature, whatsoever payable to or renewable by Grantor from time to time in respect of the Collateral, including upon the sale, lease, license, exchange or other disposition of the Collateral, (b) proceeds of any insurance, indemnity, warranty or guaranty payable to Grantor from time to time with respect to any of the Collateral, including by reason of the loss, nonconformity or interference with the use of, defects or infringement of rights in, or damage to, the Collateral, (c) payments (in any form whatsoever) made or due and payable to Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority), (d) claims of Grantor against third parties arising out of the loss, nonconformity, interference with the use of, defects or infringements of rights in, or damage to, the Collateral and (e) other property of any nature, type or kind whatsoever from time to time paid or payable under or in connection with, collected on, or distributed on account of, the Collateral.

“Secured Obligations” means (a) the obligation of Grantor to pay Secured Party any and all amounts due under the Note and (b) all other indebtedness, liabilities and obligations of Grantor to Secured Party, whether now existing or hereafter incurred, and whether created under, arising out of or in connection with any written agreement or otherwise.

“UCC” means the Uniform Commercial Code as the same may from time to time be in effect in the State of California and each reference in this Security Agreement to an Article thereof shall refer to that Article as from time to time in effect; *provided, however,* in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Secured Party’s security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, the term **“UCC”** shall mean the Uniform Commercial Code (including the Articles thereof) as in effect at such time in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. GRANT OF SECURITY INTEREST. As collateral security for the full, prompt, complete and final payment and performance when due of all the Secured Obligations, Grantor hereby assigns, conveys, mortgages, pledges, hypothecates and transfers to Secured Party, and hereby grants to Secured Party, a security interest in all of Grantor’s right, title and interest in, to and under the Collateral.

3. AUTHORIZATION TO FILE. Secured Party may at any time and from time to time file financing statements, continuation statements (including “in lieu” continuation statements) and amendments thereto that describe the Collateral and which contain any other information required by Part 5, Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor. Grantor agrees to furnish any such information to Secured Party promptly upon

request. Any such financing statements, continuation statements or amendments may be signed by Secured Party on behalf of Grantor and may be filed at any time in any appropriate jurisdiction.

4. REPRESENTATIONS AND WARRANTIES. Grantor hereby represents and warrants to Secured Party that:

(a) Except for the security interest granted to Secured Party under this Security Agreement, it is or will be upon delivery of the Collateral to it the sole legal and equitable owner, or has the power to transfer each item of the Collateral in which it purports to grant a security interest hereunder, having good and marketable title thereto or the power to transfer, free and clear of any and all liens or encumbrances.

(b) No effective security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral exists or will exist, except such as may have been filed in favor of Secured Party pursuant to this Security Agreement.

(c) This Security Agreement creates a legal and valid security interest on and in all of the Collateral and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. Accordingly, Secured Party has a fully perfected first priority security interest in all of the Collateral.

(d) Its taxpayer identification number is, and chief executive office, principal place of business, and the place where it maintains its records concerning the Collateral are presently located at the address set forth on the signature page hereof. The State under whose law it was organized is set forth on the signature page hereof. The Collateral is or will be upon delivery presently located at the address set forth on the signature page hereto. It shall not change its taxpayer identification number, jurisdiction of organization or such chief executive office, principal place of business or remove or cause to be removed, the Collateral and the records concerning the Collateral from those premises, except with prior notice to Secured Party.

5. COVENANTS. Grantor covenants and agrees with Secured Party, that from and after the date of this Security Agreement and until the Secured Obligations have been performed and indefeasibly paid in full:

5.1 Further Assurances; Pledge Of Instruments. At any time and from time to time, upon the written request of Secured Party, and at its sole expense, it shall promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to obtain the full benefits of this Security Agreement, including, without limitation, (a) executing, delivering and causing to be filed any financing or continuation statements under the UCC with respect to the security interests granted hereby, (b) at Secured Party's reasonable request, executing and delivering or causing to be delivered written notice to insurers of Secured Party's security interest in, or claim in or under, any policy of insurance and (c) at Secured Party's reasonable request, using commercially reasonable efforts to obtain acknowledgments from bailees having possession of any Collateral and waivers of liens from landlords and mortgagees of any location

where any of the Collateral may from time to time be stored or located. It also hereby authorizes Secured Party to file any such financing or continuation statement without its signature.

5.2 Maintenance Of Records. It shall keep and maintain at its own cost and expense satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. It shall mark its books and records pertaining to the Collateral to evidence this Security Agreement and the security interest granted hereby.

5.3 Change Of Jurisdiction Of Organization, Relocation Of Business Or Collateral. It shall not change its jurisdiction of organization, relocate its chief executive office, principal place of business or its records, or allow the relocation of any Collateral from such address provided to Secured Party pursuant to **Section 4(d)** above without thirty (30) days prior written notice to Secured Party.

5.4 Limitation On Liens On Collateral. It shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any liens or encumbrances on the Collateral, except the lien granted to Secured Party under this Security Agreement.

5.5 Maintenance Of Insurance. It shall maintain, with financially sound and reputable companies, insurance policies with limits and coverage provisions sufficient to cover the full loss of the Collateral.

5.6 Limitations On Disposition. It shall keep the Collateral separate and identifiable from other property located on the same premises as the Collateral and it shall not sell, lease, license, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so.

5.7 Notices. It shall advise Secured Party promptly, in reasonable detail, of (a) any lien attaching to or asserted against any of the Collateral, (b) any material change in the composition of the Collateral and (c) the occurrence of any other event which might have or result in a material adverse effect with respect to the Collateral or on the security interest created hereunder.

5.8 Right Of Inspection And Audit. Upon reasonable notice to it (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), Secured Party and its agents and representatives shall also have the right during its ordinary business hours, to enter into and upon any of its premises where any of the Collateral is located for the purpose of conducting audits and making physical verifications of the Collateral in any manner and through any medium that it considers advisable, and it agrees to furnish all such assistance and information as Secured Party may reasonably require in connection therewith. Audit information obtained by Secured Party is confidential and shall not be disclosed to any third parties other than Secured Party and its respective directors, officers, employees, agents and controlling persons (except as required by applicable law, regulation or legal process) without Grantor's prior consent.

6. SECURED PARTY'S APPOINTMENT AS ATTORNEY-IN-FACT.

(a) Grantor hereby irrevocably constitutes and appoints Secured Party, and any officer or agent of Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full, irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time at Secured Party's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Grantor, without notice to or assent by Grantor to do the following:

(i) to ask, demand, collect, receive and give acquittances and receipts for any and all monies due or to become due under any Collateral and, in the name of Grantor, in its own name or otherwise to take possession of, endorse and collect any checks, drafts, notes, acceptances or other Instruments for the payment of monies due under any Collateral and to file any claim or to take or commence any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such monies due under any Collateral whenever payable;

(ii) to pay or discharge any liens, including, without limitation, any tax lien, levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof, which actions shall be for the benefit of Secured Party and not Grantor; and

(iii) to (1) direct any person liable for any payment under or in respect of any of the Collateral to make payment of any and all monies due or to become due thereunder directly to Secured Party or as Secured Party shall direct, (2) receive payment of any and all monies, claims and other amounts due or to become due at any time arising out of or in respect of the Collateral, (3) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral, (4) defend any suit, action or proceeding brought against Grantor with respect to any Collateral, (5) settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, give such discharges or releases as Secured Party may deem appropriate, (6) sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Grantor's expense, at any time, or from time to time, all acts and things which Secured Party may reasonably deem necessary to protect, preserve or realize upon the Collateral and Secured Party's security interest therein in order to effect the intent of this Security Agreement, all as fully and effectively as Grantor might do.

(b) Secured Party agrees that, except upon the occurrence and during the continuation of an Event of Default, it shall not exercise the power of attorney or any rights granted to Secured Party pursuant to this **Section 6**. Grantor hereby ratifies, to the extent permitted by law, all that said attorney shall lawfully do or cause to be done by virtue hereof.

The power of attorney granted pursuant to this **Section 6** is a power coupled with an interest and shall be irrevocable until the Secured Obligations are completely and indefeasibly paid and performed in full.

(c) The powers conferred on Secured Party hereunder are solely to protect Secured Party's interests in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall have no duty as to any Collateral, including any responsibility for taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

(d) If Grantor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Security Agreement, shall perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses, including reasonable attorneys' fees and costs, of Secured Party incurred in connection with such performance or compliance shall be payable by Grantor to Secured Party within five (5) Business Days of demand and shall constitute Secured Obligations secured hereby.

7. RIGHTS AND REMEDIES UPON DEFAULT.

(a) After any Event of Default shall have occurred (and the opportunity to cure shall have passed as set forth in the definition of "Event of Default" above) and while such Event of Default is continuing, Secured Party may exercise in addition to all other rights and remedies granted to it under this Security Agreement, all rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event Secured Party, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may (i) reclaim, take possession, recover, store, maintain, finish, repair, prepare for sale or lease, ship, advertise for sale or lease and sell or lease (in the manner provided herein) the Collateral, and in connection with the liquidation of the Collateral, use any process used or owned by Grantor and (ii) forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, assign, give an option or options to purchase or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of Secured Party's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Grantor authorizes Secured Party, on the terms set forth in this **Section 7** to enter the premises where the Collateral is located, to take possession of the Collateral, or any part of it, and to pay, purchase, contact, or compromise any encumbrance, charge, or lien which, in the opinion of Secured Party, appears to be prior or superior to its security interest. Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Grantor further agrees, at Secured Party's request, to assemble the Collateral and make it available to the Secured Party at places which Secured Party shall reasonably select, whether at Grantor's premises or elsewhere.

Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale as provided in **Section 7(e)**, below, with Grantor remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by Secured Party of any other amount required by any provision of law, need Secured Party account for the surplus, if any, to Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against Secured Party arising out of the repossession, retention or sale of the Collateral. Grantor agrees that Secured Party need not give more than ten (10) days' notice of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of its Collateral are insufficient to pay all amounts to which Secured Party is entitled from Grantor, Grantor also being liable for the reasonable attorney costs of any attorneys employed by Secured Party to collect such deficiency.

(b) Grantor agrees that in any sale of any of such Collateral, whether at a foreclosure sale or otherwise, Secured Party is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers or require that such prospective bidders and purchasers have certain qualifications) or in order to obtain any required approval of the sale or of the purchaser by any governmental authority, and Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Secured Party be liable nor accountable to Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

(c) Grantor also agrees to pay all fees, costs and expenses of Secured Party, including, without limitation, reasonable attorneys' fees, incurred in connection with the enforcement of any of its or their rights and remedies hereunder.

(d) Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or the Collateral.

(e) The Proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be distributed by Secured Party in the following order of priorities:

FIRST, to Secured Party in an amount sufficient to pay in full the reasonable costs of Secured Party in connection with such sale, disposition or other realization, including all fees, costs, expenses, liabilities and advances incurred or made by Secured Party in connection therewith, including, without limitation, reasonable attorneys' fees;

SECOND, to Secured Party in an amount equal to the then unpaid Secured Obligations; and

FINALLY, upon payment in full of the Secured Obligations, to Grantor or its representatives, in accordance with the UCC or as a court of competent jurisdiction may direct.

8. FURTHER INDEMNIFICATION. Grantor agrees to defend, indemnify and hold harmless Secured Party, and its officers, employees, and agents against (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Security Agreement and (b) all losses or expenses in any way suffered, incurred, or paid by Secured Party as a result of or in any way arising out of, following, or consequential to transactions between Secured Party and Grantor, whether under this Security Agreement or otherwise (including without limitation, reasonable attorneys' fees and expenses), except for losses arising from or out of Secured Party's gross negligence or willful misconduct.

9. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's property and assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

10. MISCELLANEOUS.

10.1 No Waiver; Cumulative Remedies.

(a) Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, nor shall any single or partial exercise of any right or remedy hereunder on any one occasion preclude the further exercise thereof or the exercise of any other right or remedy.

(b) The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(c) None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Grantor and Secured Party.

10.2 Termination Of This Security Agreement. This Security Agreement shall terminate upon the indefeasible payment and performance in full of the Secured Obligations and Secured Party shall cooperate with Grantor, at Grantor's sole cost and expense, in effecting the termination of Financing Statements filed with respect to the Collateral.

10.3 Amendments. Except as otherwise provided herein, this Security Agreement may be amended only by a written instrument signed by both parties hereto.

10.4 Counterparts. This Security Agreement may be executed in any number of counterparts, each of which when so delivered shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

10.5 Successor And Assigns. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor, and shall, together with the rights and remedies of Secured Party hereunder, inure to the benefit of Secured Party, any future holder of any of the indebtedness and their respective successors and assigns.

10.6 Governing Law. In all respects, including all matters of construction, validity and performance, this Security Agreement and the Secured Obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of California applicable to contracts made and performed in such state, without regard to the principles thereof regarding conflict of laws, except to the extent that the UCC provides for the application of another jurisdiction.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed and delivered by their duly authorized officer on the date first set forth above.

GRANTOR:

INTRIGUE SPIRITS, LLC
a Delaware limited liability company

By: SK Katz

Printed Name: Steven Katz

Title: managing member

COMPLETE ADDRESS:

2822 Van Ness Ave.
San Francisco, CA.

JURISDICTION OF ORGANIZATION: Delaware

TAXPAYER IDENTIFICATION NUMBER:

ACCEPTED AND ACKNOWLEDGED BY:

MK ENTERPRISES, INC.
a Delaware corporation

By: _____

Printed Name: _____