

SCHEDULE A TO
RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

	<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
1.	C'est City	1871960	01/03/95
2.	Mikka	3677860	09/01/09
3.	ASARA	3502757	09/16/08
4.	Jared Ross	3160368	10/17/06



**TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT**

THIS TRADEMARK COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (as amended, supplemented or modified from time to time, this "Agreement") is made this 31 day of March, 2010 between **AUGUST SILK INC.** ("Client"), having its chief executive office at 499 Seventh Avenue, 5th Floor South, New York, New York 10018 and **WELLS FARGO TRADE CAPITAL, LLC** ("Factor"), having a principal place of business at 100 Park Avenue, New York, New York 10017.

W I T N E S S E T H :

WHEREAS, Client has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks and trademark applications described in Exhibit A hereto and made a part hereof; and

WHEREAS, Factor has entered or is about to enter into certain financing arrangements with Client pursuant to that certain Factoring Agreement dated as of the date hereof (as the same now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, the "Factoring Agreement"), pursuant to which Factor may purchase accounts and may make loans and advances and provide other financial accommodations to Client, and other agreements, notes, documents and instruments referred to therein or at any time executed and/or delivered in connection therewith or related thereto, including, but not limited to, this Agreement (all of the foregoing, together with the Factoring Agreement, and the Other Agreements (as defined in the Factoring Agreement), as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, being collectively referred to herein as the "Financing Agreements"); and

WHEREAS, in order to induce Factor to enter into the Factoring Agreement and the other Financing Agreements and to purchase accounts and make loans and advances and provide other financial accommodations to Client pursuant thereto, Client has agreed to grant to Factor certain collateral security as set forth herein;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Client hereby agrees as follows:

1. GRANT OF SECURITY INTEREST

As collateral security for the prompt performance, observance and indefeasible payment in full of all of the Obligations (as hereinafter defined), Client hereby grants to Factor a collateral security interest in and a general lien upon, and a conditional assignment of, the following (being collectively referred to herein as the "Collateral"): (a) all of Client's now existing or hereafter acquired right, title, and interest in and to: trademarks, trade names, tradestyles and service marks; all prints and labels on which said trademarks, trade names, tradestyles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including the trademarks and trademark application described in Exhibit A hereto (the "Trademarks"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; (c) all income, fees, royalties and other payments at any time due or payable to Client with respect to any Trademarks, including, without

limitation, payments under all licenses heretofore or at any time hereafter entered into by Client in connection therewith; (d) Client's right to sue for the past and present and future infringements thereof and all future infringements thereof; (e) all rights of Client corresponding thereto throughout the world; and (f) any and all other proceeds of any of the foregoing, including, without limitation, all damages and payments or claims by Client against third parties for past or future infringement of the Trademarks.

2. OBLIGATIONS SECURED

The security interest, lien and other interests granted to Factor pursuant to this Agreement shall secure the prompt performance, observance and payment in full of all amounts of any nature whatsoever, direct or indirect, absolute or contingent, due or to become due, arising or incurred heretofore or hereafter, arising under this or any other Agreement or by operation of law, now or hereafter owing by Client to Factor or to any parent, subsidiary or affiliate of Factor. Said amounts include, but are not limited to loans, debts and liabilities heretofore or hereafter acquired by purchase or assignment from other present or future clients of Factor, or through participation. Without limiting the foregoing, such amounts shall include all advances, loans, interest, commissions, customer late payment charges, cost, fees, expenses, taxes and all receivables charged or chargeable to Client's account under the Factoring Agreement, whether arising under this Agreement, the other Financing Agreements or by operation of law and whether incurred by Client as principal, surety, endorser, guarantor or otherwise (all hereinafter referred to as "Obligations").

3. REPRESENTATIONS, WARRANTIES AND COVENANTS

Client hereby represents, warrants and covenants with and to Factor the following (all of such representations, warranties and covenants being continuing so long as any of the Obligations are outstanding) the truth and accuracy of which, or compliance within, being a continuing condition of the making of loans and advances and other financial accommodations by Factor to Client under the Agreements:

(a) Client shall pay and perform all of the Obligations according to their terms.

(b) All of the existing Collateral is valid and subsisting in full force and effect, and Client owns the sole, full and clear title thereto, and the right and power to grant the security interest and conditional assignment granted hereunder. Client shall, at Client's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral consisting of registered Trademarks as registered trademarks and to maintain all of the Collateral as valid and subsisting, including, without limitation, the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests or encumbrances of any nature whatsoever, except: (i) the security interests granted hereunder and (ii) the licenses permitted under Section 3(e) below.

(c) Client shall not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to the Collateral, or otherwise dispose of any of the Collateral, in each case without the prior written consent of Factor, except as otherwise permitted herein. Nothing in this Agreement shall be deemed a consent by Factor to any such action, except as such action is expressly permitted hereunder.

(d) Client shall, at Client's expense, promptly perform all acts and execute all documents requested at any time by Factor to evidence, perfect, maintain, record or enforce the security interest in and conditional assignment of the Collateral granted hereunder or to otherwise further the provisions of this Agreement. Client hereby authorizes Factor to execute and file one or more financing

statements (or similar documents) with respect to the Collateral, signed only by Factor or as otherwise determined by Factor. Client further authorizes Factor to have this Agreement or any other similar security agreement filed with the United States Patent and Trademark Office or any other appropriate federal, state or government office.

(e) As of the date hereof, Client does not have any Trademarks registered, or the subject of pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those described in Exhibit A hereto and has not granted any licenses with respect thereto other than as set forth in Exhibit B hereto.

(f) Client shall, concurrently with the execution and delivery of this Agreement, execute and deliver to Factor five (5) originals of a Special Power of Attorney in the form of Exhibit C annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Factor's exercise of the rights and remedies granted to Factor hereunder.

(g) Factor may, in its discretion, pay any amount or do any act which Client fails to pay or do as required hereunder or as requested by Factor to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral or the security interest and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, attorneys' fees and legal expenses. Client shall be liable to Factor for any such payment, which payment shall be deemed an advance by Factor to Client, shall be payable on demand together with interest at the highest rate then applicable to the indebtedness of Client to Factor set forth in the Factoring Agreement and shall be part of the Obligations secured hereby.

(h) Client shall not file any application for the registration of a Trademark with the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, unless Client has given Factor thirty (30) days prior written notice of such action. If, after the date hereof, Client shall (i) obtain any registered Trademark, or apply for any such registration in the United States Patent and Trademark Office or in any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country or (ii) become an owner of any trademark registrations or applications for trademark registration used in the United States, any State thereof, any political subdivision thereof or in any other country, the provisions of Section 1 hereof shall automatically apply thereto. Upon the request of Factor, Client shall promptly execute and deliver to Factor any and all assignments, agreements, instruments, documents, and such other papers as may be requested by Factor to evidence the security interests in and conditional assignment of such Trademark in favor of Factor.

(i) Client has not abandoned any of the Trademarks and Client shall not do any act, nor omit to do any act, whereby the Trademarks may become invalidated, unenforceable, avoided or avoidable. Client shall notify Factor immediately if it knows or has reason to know of any reason why any application, registration, or recording with respect to the Trademarks may become canceled, invalidated, avoided or avoidable.

(j) Client shall render any assistance, as Factor shall determine is necessary, to Factor in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, to maintain such application and registration of the Trademarks as Client's exclusive property and to protect Factor's interest therein, including, without limitation, filing of renewals.

(k) No material infringement or unauthorized use presently is being made of any of the Trademarks that would adversely affect in any material respect the fair market value of the Collateral or the benefits of this Agreement granted to Factor, including, without limitation, the validity, priority or perfection of the security interest granted herein or the remedies of Factor hereunder. Client shall promptly notify Factor if Client (or any affiliate or subsidiary thereof) learns of any use by any person of any process or product which infringes upon any Trademark. If requested by Factor, Client, at Client's expense, shall join with Factor in such action as Factor, in Factor's discretion, may deem advisable for the protection of Factor's interest in and to the Trademarks.

(l) Client assumes all responsibility and liability arising from the use of the Trademarks and Client hereby indemnifies and holds Factor harmless from and against any claim, suit, loss, damage, or expense (including attorneys' fees and legal expenses) arising out of any alleged defect in any service or product manufactured, promoted, or sold by Client (or any affiliate or subsidiary thereof) in connection with any Trademark or out of the manufacture, promotion, labeling, sale or advertisement of any such product or service by Client (or any affiliate or subsidiary thereof). The foregoing indemnity shall survive the payment of the Obligations, the termination of this Agreement and the termination or non-renewal of the Factoring Agreement.

(m) Client shall promptly pay Factor for any and all expenditures made by Factor pursuant to the provisions of this Agreement or for the defense, protection, or enforcement of the Obligations, the Collateral, or the security interests and conditional assignment granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges, travel expenses, and attorneys' fees and legal expenses. Such expenditures shall be payable on demand, together with interest at the then applicable to the indebtedness of Client to Factor set forth in the Factoring Agreement and shall be part of the Obligations secured hereby.

4. EVENTS OF DEFAULT

All Obligations shall become immediately due and payable, without notice or demand, at the option of Factor, upon the occurrence of any one or more defaults or events of default under this Agreement, the Factoring Agreement, or any of the other Financing Agreements to which Client is a party (each an "Event of Default" hereunder).

5. RIGHTS AND REMEDIES

Upon the occurrence of any such Event of Default, and at any time thereafter, in addition to all other rights and remedies of Factor, whether provided under this Agreement, the Factoring Agreement, the other Financing Agreements, applicable law or otherwise, Factor shall have the following rights and remedies which may be exercised without notice to, or consent by, Client except as such notice or consent is expressly provided for hereunder:

(a) Factor may require that neither Client nor any affiliate or subsidiary of Client make any use of the Trademarks for any purpose whatsoever. Factor may make use of any Trademarks for the sale of goods, completion of work-in-process or rendering of services in connection with enforcing any other security interest granted to Factor by Client or any subsidiary or affiliate of Client or for such other reason as Factor may determine.

(b) Factor may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Factor shall in its discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or non-

exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Factor may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations except that if notice to Client of intended disposition of Collateral is required by law, the giving of five (5) days prior written notice to Client of any proposed disposition shall be deemed reasonable notice thereof and Client waives any other notice with respect thereto. Factor shall have the power to buy the Collateral or any part thereof, and Factor shall also have the power to execute assurances and perform all other acts which Factor may, in its discretion, deem appropriate or proper to complete such assignment, sale, or disposition. In any such event, Client shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to the terms hereof, Factor may at any time execute and deliver on behalf of Client, pursuant to the authority granted in the Powers of Attorney described in Section 3(f) hereof, one or more instruments of assignment of the Trademarks (or any application, registration, or recording relating thereto), in form suitable for filing, recording, or registration. Client agrees to pay Factor on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and attorneys' fees and legal expenses. Client agrees that Factor has no obligation to preserve rights to the Trademarks against any other parties.

(e) Factor may first apply the proceeds actually received from any such license, assignment, sale or other disposition of any of the Collateral to the costs and expenses thereof, including, without limitation, attorneys' fees and all legal, travel and other expenses which may be incurred by Factor. Thereafter, Factor may apply any remaining proceeds to such of the Obligations as Factor may in its discretion determine. Client shall remain liable to Factor for any of the Obligations remaining unpaid after the application of such proceeds, and Client shall pay Factor on demand any such unpaid amount, together with interest at the rate then applicable to the indebtedness of Client to Factor set forth in the Financing Agreements.

(f) Client shall supply to Factor or to Factor's designee, Client's knowledge and expertise relating to the manufacture, sale and distribution of the products and rendition of services to which the Trademarks relate.

(g) Nothing contained herein shall be construed as requiring Factor to take any such action at any time. All of Factor's rights and remedies, whether provided under this Agreement, the Factoring Agreement, the other Financing Agreements, applicable law or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. **JURY TRIAL WAIVER; OTHER WAIVERS AND CONSENTS; GOVERNING LAW**

(a) This Agreement is made and is to be performed under the laws of the State of New York and shall be governed by and construed and enforced in accordance with said law, excluding any principles of any conflicts of laws or other rule of law that would result in the application of the law of any jurisdiction other than the laws of the State of New York. Client and Factor expressly submit and consent to the jurisdiction of the state and federal courts located in the County of New York, State of New York with respect to any controversy arising out of or relating to this Agreement or any amendment or supplement thereto or to any transactions in connection therewith. Client and Factor irrevocably waive all claims, obligations and defenses that Client or Factor, as applicable, may have regarding such court's

personal or subject matter jurisdiction, venue or inconvenient forum. Nothing herein shall limit the right of Factor to bring proceedings against Client in any other court. Each of the parties to this Agreement hereby waives personal service of any summons or complaint or other process or papers to be issued in any action or proceeding involving any such controversy and hereby agrees that service of such summons or complaint or process may be made by registered or certified mail to the other party at the address appearing on the signature page hereto.

(b) FACTOR AND CLIENT DO HEREBY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING ON, OUT OF, BY REASON OF, OR RELATING IN WAY TO, THIS AGREEMENT OR THE INTERPRETATION OR ENFORCEMENT THEREOF OR TO ANY TRANSACTIONS HEREUNDER.

(c) Client waives presentment and protest of any instruments and all notices thereof, notice of default and all other notices to which it might otherwise be entitled.

(d) Factor shall not have any liability to Client (whether in tort, contract, equity or otherwise) for losses suffered by Client in connection with, arising out of, or in any way related to the transactions or relationships contemplated by this Agreement, or any act, omission or event occurring in connection herewith, unless it is determined by a final and non-appealable judgment or court order binding on Factor that the losses were the result of acts or omissions constituting gross negligence or willful misconduct.

7. MISCELLANEOUS

(a) Unless otherwise specified herein, all notices pursuant to this Agreement shall be in writing and sent either (i) by hand, (ii) by certified mail, return receipt requested, or (iii) by recognized overnight courier service, to the other party at the address set forth herein, or to such other addresses as a party may from time to time furnish to the other party by notice. Any notice hereunder shall be deemed to have been given on (x) the day of hand delivery, (y) the third business day after the day it is deposited in the U.S. Mail, if sent as aforesaid, or (z) the day after it is delivered to a recognized overnight courier service with instructions for next day delivery.

(b) All references to the plural herein shall also mean the singular and to the singular shall also mean the plural. All references to Client and Factor pursuant to the definitions set forth in the recitals hereto, or to any other person herein, shall include their respective successors and assigns. The words "hereof," "herein," "hereunder," "this Agreement" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced. All references to the term "Person" or "person" herein shall mean any individual, sole proprietorship, partnership, corporation (including, without limitation, any corporation which elects subchapter S status under the Internal Revenue Code of 1986, as amended), limited liability corporation, limited liability participation, business trust, unincorporated association, joint stock company, trust, joint venture or other entity or any government or any agency or instrumentality or political subdivision thereof.

(c) This Agreement, the other Financing Agreements and any other document referred to herein or therein shall be binding upon Client and its successors and assigns and inure to the benefit of and be enforceable by Factor and its successors and assigns.

(d) No failure or delay by Factor in exercising any of its powers or rights hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude

other or further exercise thereof or the exercise of any other right or power. Factor's rights, remedies and benefits hereunder are cumulative and not exclusive of any other rights, remedies or benefits which Factor may have. No waiver by Factor will be effective unless in writing and then only to the extent specifically stated.

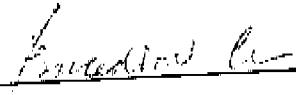
(e) If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not invalidate this Agreement as a whole, but this Agreement shall be construed as though it did not contain the particular provision held to be invalid or unenforceable and the rights and obligations of the parties shall be construed and enforced only to such extent as shall be permitted by applicable law.

(f) This Agreement and the documents executed concurrently herewith contain the entire understanding between Client and Factor and supersede all prior agreements and understandings, if any, relating to the subject matter hereof. Any promises, representations, warranties or guarantees not herein contained (or contained in the Factoring Agreement or the Financing Agreements) and hereinafter made shall have no force and effect unless in writing, signed by Client's and Factor's respective officers. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be changed. Each Client acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the other Financing Agreements and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, Client and Factor have executed this Agreement as of the day and year first above written.


AUGUST SILK INC.

By: 

Title: CEO

Address: 499 Seventh Avenue, 5th Floor South
New York, New York 10018

WELLS FARGO TRADE CAPITAL, LLC

By: 

Title: EXECUTIVE VICE-PRESIDENT

Address: 100 Park Avenue, 3rd Floor
New York, New York 10017

STATE OF New York)
COUNTY OF Queens) ss.:

As of this 20th day of November, 2010, before me personally came [Signature], to me known, who being duly sworn, did depose and say, that s/he is a [Signature] of [Signature], the corporation described in and which executed the foregoing instrument; and that s/he signed his/her name thereto by order of the board of directors of said corporation.

Teresa Y. Chan
Notary Public, State of New York
No. 01CH48998E5
Qualified in Queens County
Commission Expires July 6, 2011

[Signature]
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

As of this _____ day of _____, 20____, before me personally came _____, to me known, who, being duly sworn, did depose and say, that s/he is a _____ of WELLS FARGO TRADE CAPITAL, LLC, the limited liability company described in and which executed the foregoing instrument; and that s/he signed his/her name thereto with the authorization of the members of said limited liability company.

Notary Public

EXHIBIT A
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

LIST OF TRADEMARKS AND TRADEMARK APPLICATIONS

	<u>Mark</u>	<u>Registration Number</u>	<u>Registration Date</u>
1.	C'est City	1871960	01/03/95
2.	Mikka	3677860	09/01/09
3.	ASARA	3502757	09/16/08
4.	Jared Ross	3160368	10/17/06

**EXHIBIT B
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT
LICENSES**

None.

1512881.2

**TRADEMARK
REEL: 004182 FRAME: 0013**

EXHIBIT C
TO
TRADEMARK COLLATERAL ASSIGNMENT
AND SECURITY AGREEMENT

SPECIAL POWER OF ATTORNEY

STATE OF New York)
) ss.:
COUNTY OF Westchester)

KNOW ALL MEN BY THESE PRESENTS, that AUGUST SILK INC. ("Client"), having an office at 499 Seventh Avenue, 5th Floor South, New York, New York 10018 hereby appoints and constitutes WELLS FARGO TRADE CAPITAL, LLC ("Factor"), and each officer thereof, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Client:

1. Execution and delivery of any and all agreements, documents, instrument of assignment, or other papers which Factor, in its discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all right, title, and interest of Client in and to any trademarks and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.
2. Execution and delivery of any and all documents, statements, certificates or other papers which Factor, in its discretion, deems necessary or advisable to further the purposes described in Subparagraph 1 hereof.

This Power of Attorney is made pursuant to a Trademark Collateral Assignment and Security Agreement, dated as of the date hereof, between Client and Factor (the "Agreement") and is subject to the terms and provisions thereof. This Power of Attorney, being coupled with an interest, is irrevocable until all "Obligations," as such term is defined in the Agreement, are paid in full and the Agreement is terminated in writing by Factor.

Dated: 23rd August 2010

By: Benedict Chan
Title: CTO

STATE OF New York)
COUNTY OF Queens) ss.:

As of this 3rd day of March, 2010, before me personally came Terence Chan, to me known, who being duly sworn, did depose and say, that s/he is a VP of August Silk Inc, the corporation described in and which executed the foregoing instrument; and that s/he signed his/her name thereto by order of the board of directors of said corporation.

Teresa Chan

Notary Public

Teresa Y. Chan
Notary Public, State of New York
No. 01CH4899855
Qualified in Queens County
Commission Expires July 6, 2011