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5 General Insolvency Counsel for  
TMOV, INC.  
6 Debtor and Debtor In Possession

7  
8 UNITED STATES BANKRUPTCY COURT  
9 CENTRAL DISTRICT OF CALIFORNIA [LOS ANGELES DIVISION]  
10

11 In re: ) Case No. 2:16-bk-13649-SK  
12 TMOV, INC., ) Chapter 11  
13 )  
14 Debtor. ) NOTICE OF MOTION AND MOTION FOR  
15 ) ORDER (1) AUTHORIZING SALE OF  
16 ) CERTAIN PERSONAL PROPERTY, OUTSIDE  
17 ) OF THE ORDINARY COURSE OF BUSINESS  
18 ) UNDER 11 U.S.C. §363(b), AND FREE  
19 ) AND CLEAR OF ANY INTEREST UNDER 11  
20 ) U.S.C. §363(f); (2) AUTHORIZING  
21 ) DEBTOR TO USE SALE PROCEEDS TO PAY  
22 ) CERTAIN CLAIMS; (3) FINDING THAT  
23 ) PROPOSED PURCHASER IS A GOOD FAITH  
24 ) PURCHASER UNDER 11 U.S.C. §363(m);  
25 ) AND (4) WAIVING 14-DAY STAY PERIOD  
26 ) UNDER FRBP 6004(h); MEMORANDUM OF  
27 ) POINTS AND AUTHORITIES;  
28 ) DECLARATION(S) AND EXHIBIT(S) IN  
SUPPORT THEREOF  
Date: January 5, 2017  
Time: 8:30 a.m.  
Place: Courtroom 1575  
United States Bankruptcy Court  
255 East Temple Street  
Los Angeles, California 90012

1 TO THE HONORABLE SANDRA R. KLEIN, UNITED STATES BANKRUPTCY JUDGE;  
2 TMOV, INC., THE CHAPTER 11 DEBTOR AND DEBTOR IN POSSESSION; THE  
3 OFFICE OF THE UNITED STATES TRUSTEE; SECURED CREDITORS; TWENTY  
4 LARGEST UNSECURED CREDITORS; AND OTHER PARTIES IN INTEREST:

5 PLEASE TAKE NOTICE that on January 5, 2017, at 8:30 a.m. or as  
6 soon thereafter as the matter may be heard, in courtroom 1575 of the  
7 U.S. Bankruptcy Court for the Central District of California [Los  
8 Angeles Division], located at 255 East Temple Street, Los Angeles,  
9 California 90025, TMOV, Inc., the chapter 11 debtor and debtor in  
10 possession in the above captioned case ("TMOV" or "Debtor"), by and  
11 through its [proposed] general insolvency counsel, Law Offices of  
12 Raymond H. Aver, A Professional Corporation ("Aver Firm"), will move  
13 this Court for an order:

14 (a) authorizing TMOV to sell those certain trademarks  
15 ("Property") registered with the United States Patent and Trademark  
16 Office, Registration Nos. 3,733,839, 3,814,483, 3,133,409, 3,900,780,  
17 4,068,502, and 3,848,910 as more particularly described in the  
18 Schedule of Marks attached as Exhibit A to the "Trademark Purchase  
19 And Assignment Agreement," dated as of October 1, 2016 ("Agreement"),  
20 outside the ordinary course of TMOV's business, pursuant to 11 U.S.C.  
21 section 363(b), for the purchase price of \$40,000.00, on an "as is,  
22 where is, with all faults" basis, without any warranties or  
23 representations, except those set forth in the Agreement, and free  
24 and clear of any interest in such property, pursuant to 11 U.S.C.  
25 section 363(f), and execute any and all documents that may be  
26 necessary to consummate the sale of the Property;

27 (b) authorizing TMOV to pay from the sale proceeds the claim of  
28 the Aver Firm for the attorney's fees and costs incurred in preparing  
and prosecuting the instant motion and to utilize any remaining sale

1 proceeds to pay Hana Small Business Lending, Inc. or Hana Financial,  
2 Inc., as they may decide, in partial satisfaction of their claims  
3 against the estate;

4 (c) finding that EK Line, Inc. ("EK Line" or "Buyer"), or any  
5 other person who appears at the hearing and submits a higher  
6 acceptable bid and becomes a purchaser, is a good faith purchaser  
7 pursuant to 11 U.S.C. section 363(m); and

8 (d) waiving the 14 day stay period under Federal Rule of  
9 Bankruptcy Procedure 6004(h) with respect to the sale of the  
10 Property.

11 This motion is based on the grounds that: (1) the proposed sale  
12 of the Property meets the business judgment test; (2) the Property  
13 may be sold free and clear of liens because the appropriate entities  
14 are likely to consent; (3) EK Line (or any other person who appears  
15 at the hearing and submits a higher acceptable bid and becomes a  
16 purchaser) is a good faith purchaser under 11 U.S.C. section 363(m);  
17 (4) the waiver of the 14 day stay period under FRBP 6004(h) is  
18 warranted to expedite the sale of the Property to enable creditors to  
19 receive payment of their allowed claims at the earliest date  
20 possible.

21 This motion is brought pursuant to 11 U.S.C. §§105, 363(b), and  
22 363(f), Rules 6004 and 9019 of the Federal Rules of Bankruptcy  
23 Procedure, and Local Bankruptcy Rules 6004-1 and 9013-1. This motion  
24 is based on this notice of motion and motion, the attached memorandum  
25 of points and authorities, declaration(s) and exhibit(s) in support  
26 thereof, the Court's records and files in Debtor's case, and on such  
27 other and further evidence as may be brought to the attention of the  
28 Court at or before the time of the hearing of this motion.

1           **PLEASE TAKE FURTHER NOTICE** that pursuant to Local Bankruptcy  
2 Rule ("LBR") 9013-1(f):

3           [E]ach interested party opposing or responding to the  
4 motion must file and serve the response (response) on the moving  
5 party and the United States trustee not later than 14 days  
6 before the date designated for hearing.

7           Contents of Response. A Response must be a complete  
8 written statement of all reasons in opposition thereto or in  
9 support, declarations and copies of all evidence on which the  
10 responding party intends to rely, and any responding memorandum  
11 of points and authorities. The Response must advise the adverse  
12 party that any reply must be filed with the court and served on  
13 the responding party not later than 7 days prior to the hearing  
14 on the motion.

15           **PLEASE TAKE FURTHER NOTICE** that pursuant to LBR 9013-1(h):

16           [I]f a party does not timely file and serve documents,  
17 the court may deem this to be consent to the granting or  
18 denial of the motion, as the case may be.

19 Dated: December 8, 2016

LAW OFFICES OF RAYMOND H. AVER  
A Professional Corporation

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28  
By: 

RAYMOND H. AVER

General Insolvency Counsel for TMOV,  
INC.  
Debtor And Debtor In Possession

1 MEMORANDUM OF POINTS AND AUTHORITIES

2  
3 I.

4 BACKGROUND FACTS

5  
6 **1. Status Of The Bankruptcy Case**

7 On March 22, 2016 ("Petition Date"), TMOV, Inc. caused to be  
8 filed a voluntary petition for reorganization under chapter 11 of the  
9 Bankruptcy Code.<sup>1</sup> Since the Petition Date, TMOV has continued to  
10 operate its business as a debtor in possession pursuant to 11 U.S.C.  
11 §§ 1107(a) and 1108.

12  
13 **2. Personal Property**

14 TMOV was involved in the business of garment manufacturing for  
15 children's, men's and women's denim jeans and bottoms in cotton  
16 blended fabric.

17 TMOV is the sole owner of those certain trademarks ("Property"),  
18 registered with the United States Patent and Trademark Office,  
19 Registration Nos. 3,733,839, 3,814,483, 3,133,409, 3,900,780,  
20 4,058,502 and 3,848,910, as more particularly described in the  
21 Schedule of Marks attached as Exhibit A to the "Trademark Purchase  
22 And Assignment Agreement," dated as of October 1, 2016 ("Agreement").  
23 A true and correct copy of the Agreement is attached as **Exhibit A** to  
24 the Declaration Of Kimmy Song ("Song Declaration"), appended hereto.

25  
26  
27 <sup>1</sup> As described in greater detail below, in January 2016, Item Denim, Inc.,  
28 It Jeans, Inc. ("It Jeans"), It Shoppe, Inc. and The Star Production, Inc. ("Star  
Production") merged into It Institution, Inc. ("It Institution") and subsequently  
It Institution changed its name from It Institution to TMOV.

1 **3. Proposed Sale Of The Property**

2 The proposed purchaser of the Property is EK Line, Inc. ("EK  
3 Line" or "Buyer") or any person who appears at the hearing and  
4 submits a higher acceptable bid. The proposed purchase price for the  
5 Property is \$40,000.00. The sale is on an "as is, where is, with all  
6 faults" basis, without any warranties or representations, except  
7 those set forth in the Agreement. The sale of the Property free and  
8 clear of liens and encumbrances is proper because the appropriate  
9 entities consented to the sale. The transaction has been consummated  
10 in good faith and on an arm's length basis. It confers no special  
11 treatment to any of TMOV's insiders.

12  
13 **4. Fair Market Value Of The Property**

14 The fair market value of the Property was \$40,000.00 as of the  
15 Petition Date.

16  
17 **5. Liens And Encumbrances Against The Property**

18 Hana Financial, Inc. ("Hana Financial" or "Hana") and Hana Small  
19 Business Lending, Inc. ("Hana Small Business Lending") hold perfected  
20 security interests in TMOV's assets, including the Property.

21  
22 a. Hana Financial

23 On or about October 13, 1998, Hana Financial and It Jeans  
24 entered into a "Collection Date Factoring Agreement" ("Factoring  
25 Agreement"). A true and correct copy of the Factoring Agreement and  
26 related documents is attached as **Exhibit B** to the Song Declaration.

27 On January 4, 2000, Hana Financial and It Jeans entered into a  
28 "Loan And Security Agreement." Section 1 of the Loan And Security

1 Agreement described the collateral, including general intangibles, in  
2 which Hana Financial received a security interest in return for  
3 providing financing to It Jeans. A true and correct copy of the Loan  
4 And Security Agreement is attached as **Exhibit C** to the Song  
5 Declaration.

6 Effective August 1, 2007, Hana Financial and It Jeans entered  
7 into an "Amended And Restated Factoring, Loan & Security Agreement  
8 #2" ("Amended Factoring Agreement"), which replaced the amended and  
9 restated loan and security agreement, dated January 24, 2005. A true  
10 and correct copy of the Amended Factoring Agreement is attached as  
11 **Exhibit D** to the Song Declaration.

12 On January 1, 2012, Hana Financial and It Institution entered  
13 into a "Security Agreement." As set forth in the "Recitals" to the  
14 Security Agreement, Hana Financial agreed to restructure certain  
15 financial arrangements with It Jeans on the condition that certain  
16 additional security is pledged by It Institution, as guarantor, to  
17 secure It Jeans' obligations pursuant to the Amended Factoring  
18 Agreement. Section 1 of the Security Agreement further states that  
19 Hana Financial is granted security interest in all It Institution's  
20 personal property assets, including

21 "[a]ll of its trademarks (collectively "Trademarks"), including  
22 those referred to on Schedule I hereto, under the applicable  
23 federal law, the registrability of such applications or the  
24 validity or enforceability of registrations issuing from such  
25 applications; all extensions and renewals of the foregoing; all  
26 goodwill connected with the use of, and symbolized by, each such  
27 Trademark; any rights of any kind whatsoever of [It Institution]  
28 accruing under any of the foregoing provided by applicable law  
of any jurisdiction, by international treaties and conventions  
and otherwise throughout the world; an, any and all royalties,  
fees, income, payments and other proceeds now and hereafter due  
and payable with respect to any and all of the foregoing  
(collectively, the "Trademark Collateral") ... [It Institution]  
authorizes Hana to execute and file such UCC Financing  
Statements or any other security filing necessary to perfect

1 Hana's first position security to the collateral described [in  
2 the Security Agreement] ..."

3 The "Existing Trademarks" schedule attached to the Security Agreement  
4 lists the Property. A true and correct copy of the Security  
5 Agreement is attached as **Exhibit E** to the Song Declaration.

6 Hana Financial filed UCC-1 Financing Statement with the  
7 California Secretary of State to perfect its blanket personal  
8 property security interest, a true and correct copy of which is  
9 attached as **Exhibit F** to the Song Declaration.

10  
11 b. Hana Small Business Lending

12 On November 24, 2010, It Jeans executed a "Note" in favor of  
13 Hana Small Business Lending in the principal amount of \$2.7 million.  
14 Commercial Security Agreements between It Jeans and Star Production,  
15 on the one hand, and Hana Small Business Lending, on the other hand,  
16 were also entered on November 24, 2010. A true and correct copy of  
17 Hana Small Business Lending's referenced loan documents are  
18 collectively attached as **Exhibit G** to the Song Declaration. Hana  
19 Small Business Lending filed UCC-1 Financing Statements with the  
20 California Secretary of State to perfect its security interest in the  
21 subject collateral, a true and correct copy of which is attached as  
22 **Exhibit H** to the Song Declaration.

23  
24 c. Subordination Agreement Between Hana Financial And Hana  
25 Small Business Lending

26 On December 2, 2010, Hana Financial caused to be filed UCC  
27 Financing Statement Amendments reflecting the agreement of Hana  
28 Financial to subordinate its blanket personal property security



1 interest in the collateral pledged by It Jeans, except accounts  
2 receivable, to Hana Small Business Lending. A true and correct copy  
3 of the UCC Financing Statement Amendments are collectively attached  
4 as **Exhibit I** to the Song Declaration.

5 On March 11, 2015, Hana Small Business Lending, Hana  
6 Financial and Star Production entered into an "Inter-Creditor And  
7 Subordination Agreement" ("Subordination Agreement"), pursuant to  
8 which Hana Financial agreed to subordinate its security interest,  
9 with the exception of accounts receivables, in favor of Hana Small  
10 Business Lending. A true and correct copy of the Subordination  
11 Agreement is attached as **Exhibit J** to the Song Declaration.

12  
13 d. Merger Of Various Entities Into It Institution And  
14 Subsequent Change Of Name From It Institution To TMOV

15 On or about January 22, 2016, Item Denim, It Jeans, It  
16 Shoppe and Star Production merged into It Institution, as evidenced  
17 by a "Certificate Of Ownership," filed with the California Secretary  
18 Of State on February 8, 2016. A true and correct copy of the  
19 Certificate Of Ownership is attached as **Exhibit K** to the Song  
20 Declaration.

21 On or about January 23, 2016, It Institution executed a  
22 "Certificate Of Amendment Of Articles Of Incorporation" ("Amendment  
23 To Articles Of Incorporation"), evidencing the change of its name  
24 from It Institution to TMOV. The Amendment To Articles Of  
25 Incorporation was filed with the California Secretary of State on  
26 February 29, 2016. A true and correct copy of the Amendment To  
27 Articles Of Incorporation is attached as **Exhibit L** to the Song  
28 Declaration.

1 e. Proposed Distribution Of Sale Proceeds

2 By the Agreement, TMOV seeks a Court order authorizing TMOV to  
3 sell the Property for the purchase price of \$40,000.00 and to pay  
4 from the sale proceeds the claim of the Aver Firm for the attorney's  
5 fees and costs incurred in preparing and prosecuting the instant  
6 motion and to utilize any remaining sale proceed to pay Hana Small  
7 Business Lending or Hana Financial, as they may decide, in partial  
8 satisfaction of their claims against the estate. Both Hana Small  
9 Business Lending and Hana Financial approved the Agreement.

10 TMOV is not aware of any other entities holding valid and  
11 enforceable liens against the Property. A true and correct copy of  
12 TMOV's "Schedule A/B: Assets - Real And Personal Property" is  
13 attached as **Exhibit M** to the Song Declaration. A true and correct  
14 copy of TMOV's "Schedule D: Creditors Who Have Claims Secured By  
15 Property" ("Schedule D"), evidencing liens and encumbrances against  
16 the Property and the total indebtedness to Hana Financial and Hana  
17 Small Business Lending as of the Petition Date, is attached as  
18 **Exhibit N** to the Song Declaration.

19  
20 II.

21 LEGAL ANALYSIS

22 A. Sale Of Property Of The Estate Other Than In The Ordinary Course  
23 Of Business

24 Section 363(b)(1) authorizes the trustee or a debtor in  
25 possession (with the rights and powers of a trustee) to use, sell, or  
26 lease property of the estate outside of the ordinary course of  
27 business. In contrast to chapter 7 debtors, chapter 11 debtors in  
28 possession and all chapter 13 debtors are authorized to exercise the

1 sale rights and powers of bankruptcy trustees under section 363.

2 [See, 11 U.S.C. §1107(a) and 11 U.S.C. §1303]

3 In determining whether to approve a proposed sale under section  
4 363, courts generally apply standards that, although stated in  
5 various ways, represent essentially a business judgment test. [See,  
6 *In re Condere Corp.*, 228 B.R. 615 (Bankr. S.D. Miss. 1998) (sound  
7 business justification for sale given debtor's troubled history, cash  
8 sale, unlikelihood of confirmable plan, and creditor's committee  
9 support)] In determining whether a sale meets the business judgment  
10 test, several courts have required the proponent of the sale to  
11 establish that:

12 (i) a "sound business purpose justifies the sale";

13 (ii) "accurate and reasonable notice" of the sale has been  
14 provided;

15 (iii) "the price to be paid is adequate, i.e., fair and  
16 reasonable"; and

17 (iv) "good faith," i.e., the absence of any lucrative deals with  
18 insiders, is present.

19 [*In re Industrial Valley Refrig. & Air Cond. Supplies, Inc.*, 77 B.R.  
20 15, 21 (Bankr. E.D. Pa. 1987); See also, *In re Chemical One*  
21 *Communications, Inc.*, 117 B.R. 493, 496 (Bankr. E.D. Mo. 1990); *In re*  
22 *Copy Crafters Quickprint, Inc.*, 92 B.R. 973, 983 (Bankr. N.D. N.Y.  
23 1988)]

24 As supported by the Song Declaration, attached hereto, the  
25 proposed sale meets each of the four prongs establishing that the  
26 business judgment test has been satisfied.

27 1. Sound Business Justification

28 The United States Bankruptcy Appellate Panel for the Ninth

1 Circuit in *Walter v. Sunwest Bank [In re Walter]*, 83 B.R. 14, 19 (9th  
2 Cir. BAP 1988), adopted a flexible, case by case, test to determine  
3 whether the business purpose for the proposed use or sale justifies  
4 disposition of property of the estate under section 363(b) in the  
5 context of a chapter 11 case. In *Walter*, the Court accepted the  
6 reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*,  
7 780 F.2d 1223 (5<sup>th</sup> Cir. 1986), and the Second Circuit in *In re Lionel*  
8 *Corp.*, 722 F.2d 1983).

9 ... for the debtor-in-possession or trustee to satisfy its  
10 fiduciary duty to the debtor, creditors and equity holders,  
11 there must be some articulated business justification for  
12 using, selling, or leasing the property outside the  
13 ordinary course of business. . . Whether the proffered  
14 business justification is sufficient depends on the case.  
15 As the Second Circuit held in *Lionel*, the bankruptcy judge  
16 should consider all salient factors pertaining to the  
17 proceeding and, accordingly, act to further the diverse  
18 interests of the debtor, creditors and equity holders,  
19 alike. He might, for example, look to such relevant  
20 factors as the proportionate value of the asset to the  
21 estate as a whole, the amount of elapsed time since the  
22 filing, the likelihood that a plan of reorganization will  
23 be proposed and confirmed in the near future, the effect of  
24 the proposed disposition on future plans of reorganization,  
25 the proceeds to be obtained from the disposition vis-a-vis  
26 any appraisals of the property, which of the alternatives  
27 of use, sale or lease the proposal envisions and, most  
28 importantly perhaps, whether the asset is increasing or  
decreasing in value. This list is not intended to be  
exclusive, but merely to provide guidance to the bankruptcy  
judge.

21 [*In re Walter*, 83 B.R. at 19; quoting, *Continental Air Lines, Inc.*,  
22 780 F.2d at 1226, citing, *In re Lionel Corp.*, 722 F.2d at 1071]

23 The primary purpose for TMOV's bankruptcy filing was to afford  
24 TMOV an opportunity to restructure its debts. TMOV's reorganization  
25 efforts have proven to be unsuccessful. TMOV therefore seeks to  
26 liquidate its assets for as much as possible and, to that end, seeks  
27 a Court order authorizing TMOV to sell the Property for the purchase  
28 price of \$40,000.00 and to pay from the sale proceeds the claim of

1 the Aver Firm for the attorney's fees and costs incurred in preparing  
2 and prosecuting the instant motion and to utilize any remaining sale  
3 proceed to pay Hana Small Business Lending or Hana Financial, as they  
4 may decide, in partial satisfaction of their claims against the  
5 estate. The proposed sale, therefore, has a sound business  
6 justification.

7  
8 2. Accurate And Reasonable Notice

9 FRBP 2002(a) requires that "at least 21 days' notice by mail" be  
10 given for "a proposed use, sale, or lease of the property of the  
11 estate other than in the ordinary course of business." TMOV has  
12 satisfied the notice requirements for a sale outside the ordinary  
13 course of the debtor's business by giving its creditors and other  
14 parties in interest the 21-day notice required under FRBP 2002(a) and  
15 LBR 9013-1(d)(2). FRBP 2002(c)(1) requires the notice to "include  
16 the time and place of any public sale, the terms and conditions of  
17 any private sale and the time fixed for filing objections." Notice  
18 of the proposed sale has been given in accordance with the bankruptcy  
19 rules. Moreover, the instant motion fully discloses the terms and  
20 conditions of the proposed sale and the time fixed for filing  
21 objections. Therefore, TMOV has satisfied the requirement of  
22 accurate and reasonable notice.

23  
24 3. Fair And Reasonable Price

25 For the purpose of Section 363(b), the requirement that a fair  
26 and reasonable price be obtained for the property proposed to be sold  
27 has been defined as requiring a price equaling at least seventy-five  
28 percent (75%) of the fair market value of the property - absent

1 extenuating circumstances. See, *In re Abbotts Dairies Of Pa., Inc.*,  
2 788 F.2d 143 (3<sup>rd</sup> Cir. 1986); *In re Willemain*, 764 F.2d 1019 (4<sup>th</sup> Cir.  
3 1985); *In re Karpe*, 84 B.R. 926 (Bankr. M.D. Pa. 1988).

4 The fair market value of the Property does not exceed  
5 \$40,000.00. The sale of the Property to EK Line for \$40,000.00 is  
6 therefore fair and reasonable.

7  
8 4. Good Faith

9 The good faith requirement "focuses principally on the element  
10 of special treatment of the debtor's insiders in the sale  
11 transaction." [*In re Industrial Valley Refrig. & Air Cond. Supplies,*  
12 *Inc.*, 77 B.R. at 17]

13 TMOV's principal are not related to the agent, owner(s) or  
14 representative(s) of the Buyer. The Buyer has had no prior business  
15 relationship with TMOV or its principals. The sale has been  
16 negotiated in good faith and on an arm's length basis. It confers no  
17 special treatment to any of TMOV's insiders. As noted above, the  
18 \$40,000.00 sale price is fair and reasonable, and all parties in  
19 interest will be given notice of the proposed sale and an opportunity  
20 to overbid. The proposed sale therefore meets the good faith  
21 requirement.

22  
23 B. Sale Of Property Free And Clear Of Interests

24 Section 363(f) authorizes the trustee or a debtor in possession  
25 (with the rights and powers of a trustee) to sell property of the  
26 estate under subsection (b) or (c) of section 363 free and clear of  
27 any interest in such property of an entity other than the estate,  
28 including a lien, if any of the following five conditions are met:

- 1 (1) applicable nonbankruptcy law permits sale of such property
- 2 free and clear of such interests;
- 3 (2) such entity consents;
- 4 (3) such interest is a lien and the price at which such
- 5 property is to be sold is greater than the value of all
- 6 liens on such property;
- 7 (4) such interest is in bona fide dispute; or
- 8 (5) such entity could be compelled, in a legal or equitable
- 9 proceeding, to accept a money satisfaction of such
- 10 interest. [11 U.S.C. §363(f)]

11 It has long been recognized that a bankruptcy court has the  
12 power to authorize the sale of estate property free of liens with the  
13 liens attaching to the proceeds, with or without the consent of the  
14 lienholders. [*Van Huffel v. Harkelrode*, 284 U.S. 225, 52 S. Ct. 115,  
15 76 L. Ed. 256 (1931); *Wright v. Union Central Life Ins. Co.*, 304 U.S.  
16 502, 58 S. Ct. 1025, 82 L. Ed. 1490 (1938) , *reh'g denied*, *Wright v.*  
17 *Union Cent. L. Ins. Co.*, 305 U.S. 668, 59 S. Ct. 56, 82 L. Ed. 1490  
18 (1938)]

19 In the instant matter, it is anticipated that Hana Financial and  
20 Hana Small Business Lending will consent or will be deemed to have  
21 consented to the sale of the Property free and clear of interests.  
22 It is important to emphasize, however, that, according to Schedule D,  
23 Universal Tax Services and VND Clothing, Inc. (jointly, the "Judgment  
24 Creditors") obtained prepetition judgments against TMOV. A judgment  
25 lien on personal property is created by filing a notice of judgment  
26 lien in the office of the Secretary of State. [Cal. Code Civ. Pro.  
27 §697.510(a)] Where a claimant did not obtain a judgment lien on the  
28 debtor's California collateral by filing a notice of judgment lien

1 with the California Secretary of State, the claimant's judgment  
2 against the debtor only supported an unsecured claim. [*Barovich v.*  
3 *Aura Sys. (In re Aura Sys.)*, 286 Fed. Appx. 446 (9th Cir. Cal. 2008)]  
4 In the instant case, TMOV asserts that the Judgment Creditors have  
5 not filed notices of judgment liens with the California Secretary of  
6 State to perfect their security interest in the Property. As such,  
7 no judicial liens against the Property were created. The proposed  
8 sale therefore meets the requirements of 11 U.S.C. section 363(f)(3).  
9

10 C. The Court Should Find That The Proposed Buyer Is A Good Faith  
11 Purchaser Within The Meaning Of 11 U.S.C. §363(m)

12 11 U.S.C. §363(m) authorizes the Court to make a finding that a  
13 buyer is a good faith purchaser. A purchaser of property is  
14 protected from the effects of reversal an appeal of the authorization  
15 to sell or lease as long as the Court finds that the purchaser acted  
16 in good faith and the appellant fails to obtain a stay of the sale.  
17 [11 U.S.C. §363(m)] A good faith purchaser is one who buys in good  
18 faith and for value. [*In re Ewell*, 958 F.2d 276, 281 (9th Cir. 1992)]  
19 Although the Bankruptcy Code does not define "good faith," courts  
20 have provided guidance as to appropriate factors to consider. [*In re*  
21 *Pine Coast Enterprise, Ltd.*, 147 B.R. 30, 33 (Bankr. N.D. Ill. 1992)  
22 (requirement that a purchaser act in good faith speaks to the  
23 integrity of its conduct in the course of the sale proceeding); *Kham*  
24 *and Nate's Shoes No. 2 v. First Bank*, 908 F. 2d 1351, 1355 (7th Cir.  
25 1990) (purpose of section 363(m) is to disable courts from  
26 backtracking on promises with respect to bankruptcy sales in the  
27 absence of bad faith)]

28 TMOV requests that the Court make a finding that EK Line (or any



1 other person who appears at the hearing and submits a higher  
2 acceptable bid and becomes a purchaser) is a good faith purchaser of  
3 the Property within the meaning of 11 U.S.C. §363(m). As set forth  
4 in the declaration filed in support of this motion, the protection  
5 under 11 U.S.C. §363(m) is appropriate in the instant case because  
6 the proposed sale transaction is the product of arm's length, good  
7 faith negotiations between TMOV, on the one hand, and EK Line, on the  
8 other. EK Line is not an insider of TMOV.

9  
10 D. The Court Should Waive The Provisions Of FRBP 6004(h) And  
11 Authorize Immediate Sale

12 TMOV requests that the Court waive the fourteen (14) day stay  
13 imposed by FRBP 6004(h). The parties wish to complete the sale as  
14 quickly as possible; therefore, TMOV requests permission to proceed  
15 with the sale immediately. Moreover, it is not anticipated that any  
16 creditor or party in interest will object to the proposed sale.

17  
18 III.

19 CONCLUSION

20 Based upon the facts, circumstances and authorities set forth  
21 above, TMOV, Inc. respectfully requests that the Court issue an  
22 order: (a) authorizing TMOV to sell the Property outside the ordinary  
23 course of TMOV's business, pursuant to 11 U.S.C. section 363(b), for  
24 the purchase price of \$40,000.00, on an "as is, where is, with all  
25 faults" basis, without any warranties or representations, except  
26 those set forth in the purchase and sale agreement, and free and  
27 clear of any interest in such property, pursuant to 11 U.S.C. section  
28 363(f), and execute any and all documents that may be necessary to

1 consummate the sale of the Property; (b) authorizing TMOV to pay from  
2 the sale proceeds the claim of its general insolvency counsel, the  
3 Law Offices of Raymond H. Aver, A Professional Corporation, for the  
4 attorney's fees and costs incurred in preparing and prosecuting the  
5 instant motion and to utilize any remaining sale proceed to pay Hana  
6 Small Business Lending, Inc. or Hana Financial, Inc., as they may  
7 decide, in partial satisfaction of their claims against the estate;  
8 (c) finding that EK Line, Inc., or any other person who appears at  
9 the hearing and submits a higher acceptable bid and becomes a  
10 purchaser, is a good faith purchaser pursuant to 11 U.S.C. section  
11 363(m); (d) waiving the 14 day stay period under Federal Rule of  
12 Bankruptcy Procedure 6004(h) with respect to the sale of the  
13 Property; and (e) for such other and further relief as is just and  
14 proper.

15  
16 Dated: December 8, 2016

LAW OFFICES OF RAYMOND H. AVER  
A Professional Corporation

17  
18  
19 By: 

RAYMOND H. AVER  
General Insolvency Counsel for TMOV,  
INC.  
Debtor And Debtor In Possession

**DECLARATION OF KIMMY SONG**

I, KIMMY SONG, declare:

1. I am the President of TMOV, Inc. ("TMOV" or "Debtor"), the chapter 11 debtor and debtor in possession in the above captioned case, proceeding before the United States Bankruptcy Court for the Central District of California [Los Angeles Division] under *In re TMOV, Inc.*, Case No. 2:16-bk-13649-SK. I am the individual designated to act on behalf of Debtor in all matters pertaining to its chapter 11 case.

2. Jean Ro and I are the sole officers, directors and shareholders of TMOV.

3. TMOV was involved in the business of garment manufacturing for children's, men's and women's denim jeans and bottoms in cotton blended fabric.

**Status Of The Bankruptcy Case**

4. On March 22, 2016 ("Petition Date"), TMOV filed a voluntary petition for reorganization under chapter 11 of the Bankruptcy Code.<sup>2</sup> Since the Petition Date, TMOV has continued to operate as a debtor in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

**Personal Property**

5. TMOV is the sole owner of those certain trademarks ("Property"), registered with the United States Patent and Trademark

---

<sup>2</sup> In January 2016, Item Denim, Inc., It Jeans, Inc. ("It Jeans"), It Shoppe, Inc. and The Star Production, Inc. ("Star Production") merged into It Institution, Inc. ("It Institution") and subsequently It Institution changed its name from It Institution to TMOV.

1 ("Property"), registered with the United States Patent and Trademark  
2 Office, Registration Nos. 3,733,839, 3,814,483, 3,133,409, 3,900,780,  
3 4,068,502 and 3,848,910 (the "Property") as more particularly  
4 described in the Schedule of Marks attached as Exhibit A to the  
5 "Trademark Purchase And Assignment Agreement," dated October 1, 2016  
6 ("Agreement"). A true and correct copy of the Agreement is attached  
7 as **Exhibit A** hereto.

8  
9 **Proposed Sale Of The Property**

10 6. The proposed purchaser of the Property is EK Line, Inc.  
11 ("EK Line" or "Buyer") or any person who appears at the hearing and  
12 submits a higher acceptable bid. The proposed purchase price for the  
13 Property is \$40,000.00. The sale is on an "as is, where is, with all  
14 faults" basis, without any warranties or representations, except  
15 those set forth in the Agreement.

16 7. Neither Jean Ro nor I are related to the agent, owner(s) or  
17 representative(s) of the Buyer. The Buyer has had no prior business  
18 relationship with TMOV, Jean Ro or me. The sale was negotiated in  
19 good faith and on an arm's length basis between the Buyer's attorney  
20 and me.

21  
22 **Fair Market Value Of The Property**

23 8. The fair market value of the Property was \$40,000.00 as of  
24 the Petition Date.

25  
26 **Marketing Efforts**

27 9. I have attempted to market the Property to entities/  
28 individuals who specialize in the sale of garment industry assets,

1 with regarding a potential sale of/market for the Property are: Jani  
2 Lalani at The Sage Group, LLC, 11111 Santa Monica Boulevard, Los  
3 Angeles, California; David Chen at Hong Ying Da, Inc., No. 140  
4 Taipinyang Industry Xin Tang town, Zengchen, Guanzhou, China; Kim Kay  
5 at Samsung C&T American, Inc. (Fashion & Textile Division), 5601 E.  
6 Slauson Avenue, Commerce, California; Matt Kaden at Matter Strategic  
7 Advisors, LLC, 40 W. 37<sup>th</sup> Street, Suite 1101, New York, NY; and Brad  
8 Schreiber, managing director with D.A. Davidson & Co. (Equity Capital  
9 Markets).

10 The Sage Group is an investment banker which specializes in the  
11 clothing industry. Ms. Lalani did not believe a buyer for the  
12 Property could be located unless TMOV had annual sales of \$5 million  
13 or more. Hong Ying Da is a large clothing manufacturer in China.  
14 Mr. Chen informed me that the company was not interested in  
15 purchasing the Property. Samsung C&T American is a global trading  
16 and investment company that functions as an independent American  
17 subsidiary of the Korean conglomerate, Samsung C&T Corp. Ms. Kim  
18 ultimately informed me that her company was not interested in  
19 purchasing the Property. Matter Strategic Advisors provides  
20 strategic, corporate development and transaction needs of fashion and  
21 apparel businesses. Mr. Kaden informed me that Matter Strategic  
22 Advisors was interested in currently active brands only. D.A.  
23 Davidson provides investment banking services for companies in the  
24 garment industry. Mr. Schreiber informed me that D.A. Davidson was  
25 interested in currently active brands only.

26  
27 **Liens And Encumbrances Against The Property**

28 10. Hana Financial, Inc. ("Hana Financial" or "Hana") and Hana

1 Small Business Lending, Inc. ("Hana Small Business Lending") hold  
2 perfected security interests in TMOV's assets, including the  
3 Property.

4  
5 Hana Financial

6 11. On or about October 13, 1998, Hana Financial and It Jeans  
7 entered into a "Collection Date Factoring Agreement" ("Factoring  
8 Agreement"). A true and correct copy of the Factoring Agreement and  
9 related documents is attached as **Exhibit B** hereto.

10 12. On January 4, 2000, Hana Financial and It Jeans entered  
11 into a "Loan And Security Agreement." Section 1 of the Loan And  
12 Security Agreement described the collateral, including general  
13 intangibles, in which Hana Financial received a security interest in  
14 return for providing financing to It Jeans. A true and correct copy  
15 of the Loan And Security Agreement is attached as **Exhibit C** hereto.

16 13. Effective August 1, 2007, Hana Financial and It Jeans  
17 entered into an "Amended And Restated Factoring, Loan & Security  
18 Agreement #2" ("Amended Factoring Agreement"), which replaced the  
19 amended and restated loan and security agreement, dated January 24,  
20 2005. A true and correct copy of the Amended Factoring Agreement is  
21 attached as **Exhibit D** hereto.

22 14. On January 1, 2012, Hana Financial and It Institution  
23 entered into a "Security Agreement." As set forth in the "Recitals"  
24 to the Security Agreement, Hana Financial agreed to restructure  
25 certain financial arrangements with It Jeans on the condition that  
26 certain additional security is pledged by It Institution, as  
27 guarantor, to secure It Jeans' obligations pursuant to the Amended  
28 Factoring Agreement. Section 1 of the Security Agreement further

1 states that Hana Financial is granted a security interest in all of  
2 It Institution's personal property assets, including

3 "[a]ll of its trademarks (collectively "Trademarks"), including  
4 those referred to on Schedule I hereto, under the applicable  
5 federal law, the registrability of such applications or the  
6 validity or enforceability of registrations issuing from such  
7 applications; all extensions and renewals of the foregoing; all  
8 goodwill connected with the use of, and symbolized by, each such  
9 Trademark; any rights of any kind whatsoever of [It Institution]  
10 accruing under any of the foregoing provided by applicable law  
11 of any jurisdiction, by international treaties and conventions  
12 and otherwise throughout the world; an, any and all royalties,  
13 fees, income, payments and other proceeds now and hereafter due  
14 and payable with respect to any and all of the foregoing  
15 (collectively, the "Trademark Collateral") ... [It Institution]  
16 authorizes Hana to execute and file such UCC Financing  
17 Statements or any other security filing necessary to perfect  
18 Hana's first position security to the collateral described [in  
19 the Security Agreement] ..."

20  
21 15. The "Existing Trademarks" schedule attached to the Security  
22 Agreement lists the Property. A true and correct copy of the  
23 Security Agreement is attached as **Exhibit E** hereto.

24 16. Hana Financial filed UCC Financing Statements with the  
25 California Secretary of State perfecting its blanket personal  
26 property security interest, a true and correct copy of which is  
27 attached as **Exhibit F** hereto. The UCC Financing Statements date back  
28 to no later than January 12, 2000.

29  
30  
31 Hana Small Business Lending

32 17. On November 24, 2010, It Jeans executed a "Note" in favor  
33 of Hana Small Business Lending in the principal amount of \$2.7  
34 million. Commercial Security Agreements between It Jeans and Star  
35 Production, on the one hand, and Hana Small Business Lending, on the  
36 other hand, were also entered on November 24, 2010. A true and  
37 correct copy of Hana Small Business Lending's referenced loan  
38 documents are collectively attached as **Exhibit G** hereto. Hana Small

1 Business Lending filed UCC-1 Financing Statements with the California  
2 Secretary of State to perfect its security interest in the subject  
3 collateral, a true and correct copy of which is attached as **Exhibit H**  
4 hereto.

5  
6 Subordination Agreement Between Hana Financial And Hana Small  
7 Business Lending

8 18. On December 2, 2010, Hana Financial caused to be filed UCC  
9 Financing Statement Amendments reflecting the agreement of Hana  
10 Financial to subordinate its blanket personal property security  
11 interest in the collateral pledged by It Jeans, except accounts  
12 receivable, to Hana Small Business Lending. A true and correct copy  
13 of the UCC Financing Statement Amendments are collectively attached  
14 as **Exhibit I** hereto.

15 19. On March 11, 2015, Hana Small Business Lending, Hana  
16 Financial and Star Production entered into an "Inter-Creditor And  
17 Subordination Agreement" ("Subordination Agreement"), pursuant to  
18 which Hana Financial agreed to subordinate its security interest,  
19 with the exception of accounts receivables, in favor of Hana Small  
20 Business Lending. A true and correct copy of the Subordination  
21 Agreement is attached as **Exhibit J** hereto.

22  
23 Merger Of Various Entities Into It Institution And Subsequent  
24 Change Of Name From It Institution To TMOV

25 20. On or about January 22, 2016, Item Denim, It Jeans, It  
26 Shoppe and Star Production merged into It Institution, as evidenced  
27 by that "Certificate Of Ownership," filed with the California  
28 Secretary Of State on February 8, 2016. A true and correct copy of



1 the Certificate Of Ownership is attached as **Exhibit K** hereto.

2 21. On or about January 23, 2016, It Institution executed a  
3 "Certificate Of Amendment Of Articles Of Incorporation" ("Amendment  
4 To Articles Of Incorporation") evidencing the change of its name from  
5 It Institution to TMOV. The Amendment To Articles Of Incorporation  
6 was filed with the California Secretary of State on February 29,  
7 2016. A true and correct copy of the Amendment To Articles Of  
8 Incorporation is attached as **Exhibit L** hereto.

9  
10 Proposed Distribution Of Sale Proceeds

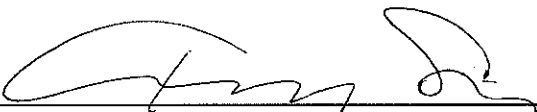
11 22. By the Agreement, TMOV seeks, among other things, a Court  
12 order authorizing TMOV to sell the Property for the purchase price of  
13 \$40,000.00 and to pay from the sale proceeds the claim of the Aver  
14 Firm for the attorney's fees and costs incurred in preparing and  
15 prosecuting the instant motion and to utilize any remaining sale  
16 proceed to pay Hana Small Business Lending or Hana Financial, as they  
17 may decide, in partial satisfaction of their claims against the  
18 estate.

19 23. TMOV is not aware of any other entities holding valid and  
20 enforceable liens against the Property. A true and correct copy of  
21 TMOV's "Schedule A/B: Assets - Real And Personal Property" is  
22 attached as **Exhibit M** hereto. A true and correct copy of TMOV's  
23 "Schedule D: Creditors Who Have Claims Secured By Property,"  
24 evidencing liens and encumbrances against the Property and the total  
25 indebtedness to Hana Financial and Hana Small Business Lending as of  
26 the Petition Date, is attached as **Exhibit N** hereto.

27 24. I have personal knowledge of the facts stated herein. If  
28 called and sworn as a witness, I could and would competently testify

1 to the above.

2 Executed this 7<sup>th</sup> day of December, 2016, at Los Angeles,  
3 California. I declare under penalty of perjury that the foregoing is  
4 true and correct.

5  
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7 \_\_\_\_\_  
8 KIMMY SONG  
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**EXHIBIT A**

## TRADEMARK PURCHASE AND ASSIGNMENT AGREEMENT

This Trademark Purchase and Assignment Agreement (the "Agreement") is made as of October 1, 2016 (the "Effective Date"), between TMOV, INC., a California corporation formerly known as It Institution, Inc., (the "Assignor"), and EK LINE, INC., a California corporation, (the "Assignee").

### Recitals

WHEREAS, the Assignor is the registered owner of marks that are registered in the United States Patent and Trademark Office, Registration Nos. 3,733,839, 3,814,483, 3,133,409, 3,900,780, 4,068,502, and 3,848,910, as more particularly described in the Schedule of Marks attached hereto as Exhibit "A" and made a part hereof, (collectively, the "Marks");

WHEREAS, the Assignor has filed for and is currently a debtor-in-possession under a chapter 11 bankruptcy case in the United States Bankruptcy Court, Central District of California, Case No. 2:16-bk-13649-SK; and

WHEREAS, the Assignee desires to acquire all the Assignor's rights, title and interest in the Marks.

### Agreement

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the parties hereto agree as follows:

#### 1. Purchase and Assignment.

Subject to the terms and conditions hereof, the Assignor hereby conveys, transfers and assigns to the Assignee, and the Assignee hereby purchases, accepts and assumes from the Assignor, all of the Assignor's right, title, and interest of whatever kind in the Marks, together with:

- a. the goodwill of the business relating to the products and services on which the Marks are used and for which they are registered;
- b. all income, royalties, and damages hereafter due or payable to Assignor with respect to the Marks, including without limitation, damages, and payments for past or future infringements and misappropriations of the Marks; and
- c. all rights to sue for past, present and future infringement or misappropriations of the Marks.

#### 2. Purchase Price.

As consideration for the transfers and assignments hereunder by the Assignor, the Assignee agrees to pay the Assignor forty thousand and 00/100 dollars (\$40,000.00) upon Closing (as defined below).

**3. Approval by the United States Bankruptcy Court.**

This Agreement is contingent upon (a) obtaining the approval of the Bankruptcy Court, and (b) entry of an order, in form and substance acceptable to the Assignor in the Assignor's sole and absolute discretion, approving this Agreement. If the Bankruptcy Court declines to approve this Agreement, the Assignor shall not be required to complete the transfer and assignment contemplated by this Agreement.

**4. Closing Date.**

Subject to the terms and conditions of this Agreement, the closing for the transfer and assignment contemplated by this Agreement ("Closing") shall be 15 days after the date the Bankruptcy Court enters a written order approving this Agreement.

**5. Representations and Covenants of the Assignee Accepting the Marks.**

The Assignee hereby represents, acknowledges and agrees for the Assignee and the Assignee's successors, heirs and assigns, that:

a. The Marks are being sold as "AS IS, WHERE IS, WITH ALL FAULTS" AND WITHOUT REPRESENTATIONS, EXPRESS OR IMPLIED, OF ANY TYPE, KIND, CHARACTER OR NATURE (INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), AND WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OF ANY TYPE, KIND, CHARACTER OR NATURE (INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WITHOUT RECOURSE OF ANY NATURE TO THE ASSIGNOR.

b. All of the obligations of the Assignee hereunder are legal, valid and binding obligations of the Assignee, enforceable in accordance with the terms of this Agreement, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law).

c. The execution and delivery of this Agreement and the performance of its obligations hereunder by the Assignee will not conflict with any provision of any law or regulation to which the Assignee is subject or conflict with or result in a breach of or constitute a default of any of the terms, conditions or provisions of any agreement or instrument to which the Assignee is a party or by which the Assignee is bound or any order or decree applicable to the Assignee.

d. The decision of the Assignee to purchase and obtain assignments of the Marks and to assume the Assignor's rights and obligations thereunder pursuant to this Agreement is and was based upon the Assignee's own independent evaluation of the Marks. The Assignee has relied solely on its own investigation and it has not relied upon any oral or written information provided by the Assignor or its personnel or agents and acknowledges that no employee or representative of the Assignor has been authorized to make, and that the Assignee

has not relied upon, any statements other than those specifically contained in this Agreement. The Assignee has retained legal counsel to review this Agreement and assist the Assignee in its due diligence investigation of the transaction.

**6. Miscellaneous.**

a. Severability. Each part of this Agreement is intended to be severable. If any term, covenant, condition or provision hereof is unlawful, invalid, or unenforceable for any reason whatsoever, and such illegality, invalidity, or unenforceability does not affect the remaining parts of this Agreement, then all such remaining parts hereof shall be valid and enforceable and have full force and effect as if the invalid or unenforceable part had not been included.

b. Headings. The headings of the Sections contained in this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

c. Construction. Unless the context otherwise requires, singular nouns and pronouns, when used herein, shall be deemed to include the plural of such noun or pronoun and pronoun of one gender shall be deemed to include the equivalent pronoun of the other gender.

d. Prior Understandings. This Agreement supersedes any and all prior discussions and agreements between the Assignor and the Assignee, if any, with respect to the assignment of the Marks and other matters contained herein, and this Agreement contains the sole and entire understanding between the parties hereto with respect to the transactions contemplated herein. In the event there is a conflict between the terms of this Agreement and any prior agreement between the Assignor and the Assignee, the terms of this Agreement shall control.

e. Integrated Agreement. This Agreement and all Exhibits hereto constitute the final complete expression of the intent and understanding of the Assignee and the Assignor. This Agreement shall not be altered or modified except by a subsequent writing, signed by the Assignee and the Assignor.

f. Counterparts. This Agreement may be executed and delivered by fax or email in PDF format (if promptly followed by the original) and in any number of counterparts, each of which shall constitute one and the same instrument, and either party hereto may execute this Agreement by signing any such counterpart.

g. Survival. Each and every covenant hereinabove made by Assignee shall survive the Closing and shall be independently enforceable.

h. Governing Law and Venue. This Agreement shall be construed, and the rights and obligations of the Assignor and the Assignee hereunder determined, in accordance with the federal law of the United States of America, including, but not limited to the Bankruptcy Code. To the extent that any state law applies (and which is not superseded by federal law), this Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws principles. In the event the Assignee or the

h. Governing Law and Venue. This Agreement shall be construed, and the rights and obligations of the Assignor and the Assignee hereunder determined, in accordance with the federal law of the United States of America, including, but not limited to the Bankruptcy Code. To the extent that any state law applies (and which is not superseded by federal law), this Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws principles. In the event the Assignee or the Assignor elects to bring any claim, lawsuit or action against the other party to enforce any term or provision in this Agreement, the sole venue to file the claim, lawsuit or action shall be in Los Angeles County, California.

i. Attorneys' Fees. In the event any dispute between the Assignee and the Assignor should result in arbitration or litigation, the prevailing party shall be reimbursed for all reasonable costs incurred in connection with such litigation, including, without limitation, reasonable attorneys' fees.

j. Successor and Assigns. This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and their successors and assigns, if any.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year above written.

**ASSIGNOR:**

TMOV, INC.,  
a California corporation

By: 

Kimmy Song, President

**ASSIGNEE:**

EK LINE, INC.,  
a California corporation

By: \_\_\_\_\_

Jae Shin Kim aka Jason Kim, President

h. Governing Law and Venue. This Agreement shall be construed, and the rights and obligations of the Assignor and the Assignee hereunder determined, in accordance with the federal law of the United States of America, including, but not limited to the Bankruptcy Code. To the extent that any state law applies (and which is not superseded by federal law), this Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflict of laws principles. In the event the Assignee or the Assignor elects to bring any claim, lawsuit or action against the other party to enforce any term or provision in this Agreement, the sole venue to file the claim, lawsuit or action shall be in Los Angeles County, California.

i. Attorneys' Fees. In the event any dispute between the Assignee and the Assignor should result in arbitration or litigation, the prevailing party shall be reimbursed for all reasonable costs incurred in connection with such litigation, including, without limitation, reasonable attorneys' fees.

j. Successor and Assigns. This Agreement shall be binding on and shall inure to the benefit of the parties to this Agreement and their successors and assigns, if any.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized representatives as of the day and year above written.

**ASSIGNOR:**

TMOV, INC.,  
a California corporation

By: \_\_\_\_\_  
Kimmy Song, President

**ASSIGNEE:**

EK LINE, INC.,  
a California corporation

By:   
\_\_\_\_\_  
Jae Shin Kim aka Jason Kim, President



**Exhibit "A"**

**[INSERT SCHEDULE OF MARKS]**

<u>MARK</u>	<u>REGISTRATION NO.</u>	<u>FILING/REGISTRATION DATE</u>
!IT	3733839	January 5, 2010
!IT [Stylized]	3133409	August 22, 2006
!IT Jeans Los Angeles [in brackets and design]	3814483	July 6, 2010
LOS [!IT] ANGELES	3900780	January 4, 2011
. S.O.N.G.	4068502	December 6, 2011
SONG OF !IT	3848910	September 14, 2010

**EXHIBIT B**

1107  
Fact Agent  
10-13-98

## COLLECTION DATE FACTORING AGREEMENT

This Collection Date Factoring Agreement (this "Agreement"), dated and effective as of the Effective Date, is entered into between Hana Financial, Inc. ("Hana"), with offices at 1055 Wilshire Blvd., Los Angeles, CA 90017, Telecopy No.: (213) 482-3355, and It Jeans, Inc. ("Client"), whose address is 4575 E. Washington Blvd., Commerce, CA 90040, Telecopy No.: (323) 261-2066 and will constitute the terms upon which Hana will act as the sole factor of Client. Capitalized terms used herein will have the meanings assigned to such terms in Section 12 of this Agreement.

### SECTION 1. Sale and Approval of Accounts

1.1 Client hereby agrees to sell, assign and transfer to Hana, and Hana hereby agrees to purchase, all of Client's Accounts, with full power to Hana to collect and otherwise deal with such Accounts as the sole and exclusive owner thereof. Hana will purchase as Account on the shortest selling terms for the Purchase Price thereof upon receipt by Hana of the invoice copy evidencing such Account.

1.2 (a) Client will submit for Hana's credit approval the credit requirements of Client's customers, a description of Client's normal selling terms and such other Information as Hana requests concerning Client's customers. Hana may, in Hana's sole credit judgment, establish credit lines for sales to Client's customers on Client's normal selling terms or on other selling terms approved by Hana by Written Notice. Client may also submit for Hana's credit approval specific orders from Client's customers and Hana may, in Hana's sole credit judgment, approve such orders on a single order credit approval basis. All of Hana's credit approvals will be by Written Notice to Client. All sales to a customer within the credit line established for such customer on Client's normal selling terms or within the single order credit approvals given by Hana for orders from such customer will be Approved Accounts provided that Delivery is completed while the credit line or single order credit approval remains in effect.

(b) Hana may amend or withdraw a credit line or single order credit approval at any time prior to Delivery by notifying Client verbally and/or by Written Notice. A single order credit approval will be automatically withdrawn: (i) in the event Delivery is not made on or prior to the expiration date indicated on the single order credit confirmation form Hana sends to Client by Written Notice; or (ii) in the event any change is made in any of the terms of the Account without Hana's prior approval by Written Notice.

(c) Hana will have no liability to Client or to any customer for Hana's refusal to credit approve an Account or Hana's withdrawal or amendment of a credit approval.

1.3 Hana will assume the Credit Risk on all Approved Accounts. Hana will have full recourse to Client for all Non-Approved Accounts.

1.4 In the event that monies are at any time owing by a customer for both Approved Accounts and Non-Approved Accounts, any amount when paid by or credited to the customer will be applied as follows:

(a) If Hana issued single order approvals, all amounts paid by or credited to the customer will be deemed applied first to Approved Accounts.

(b) If Hana established a credit line for such customer and if the credit line was in force at the time amounts were received from or credited to the customer, such amounts will be deemed applied first to Non-Approved Accounts. If the credit line is canceled, any amount thereafter received or credited will be deemed applied first to Approved Accounts.

1.5 If a bankruptcy or insolvency proceeding is instituted by or against a customer and if Hana agrees by Written Notice to Client to make a claim in such proceeding for Non-Approved Accounts, all amounts distributed to Hana in such proceeding will be shared pro rata between Approved Accounts and Non-Approved Accounts.

**SECTION 2. Advances, Payments, Commissions, Fees and Ledger Debt**

2.1 Subject to the terms and conditions of the Agreement, Hana may, upon Client's request, and in Hana's sole discretion, make advances to Client or for Client's account against the Purchase Price of Accounts in amounts, in Hana's sole discretion, of up to the following percentage of the Purchase Price of such Accounts: (a) if the Account is an Approved Account, Hana may advance to Client up to eighty percent (~~80%~~) of the Purchase Price of such Approved Account; (b) if the Account is a Non-Approved Account, Hana may advance to Client up to N/A percent (N/A%) of the Purchase Price of such Non-Approved Account; (c) if the Account is a Takeover Account, Hana may advance to Client up to N/A percent (N/A%) of the Purchase Price of such Takeover Account, provided, however, that (i) if a Takeover Account is more than 30 days past due, Hana will not make any advances on any such Takeover Account and (ii) if N/A or more of a single customer's outstanding Takeover Accounts are sixty (60) days or more days past due, Hana will not make any advances on any Takeover Accounts of such customer. Notwithstanding the foregoing: (a) if at any time the aggregate Net Amount of Accounts arising from sales to a single customer exceeds an amount equal to fifty percent (50%) of the total Net Amount of all Accounts from all customers outstanding at such time, Hana will not make any advances on any such Accounts in excess of said amount; and (b) Hana does not intend to make any advances on any Accounts to the extent any such advance would cause the aggregate amount of outstanding Obligations to exceed \$N/A.

2.2 As payment for an Account, the Collected Amount of the Purchase Price of an Account will be credited to Client's account as of the Collection Date. The payments, when credited to Client's account, shall first be applied to all advances, interest, and other amounts due Hana hereunder. If an Approved Account remains partially or fully unpaid solely as a result of the financial inability of the customer thereon to pay such Approved Account and if such Account is not subject to a Dispute, the Purchase Price of such Approved Account less any Collected Amounts previously credited to Client's account with respect to such Approved Account and less advances, interest and any other amounts due Hana will be credited to Client's account on the Approved Payment Date for such Approved Account.

2.3 At the time Hana purchases an Account, Hana will charge Client's account with a factoring commission equal to two percent (2.00%) of the Net Amount of the Account. Actual commission will be adjusted at the end of the contract year as follows:

Up to \$500,000	2.00%
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$2,000,000	1.50%
In excess of \$2,000,000	1.25%

On Accounts bearing payment terms in excess of sixty (60) days, the factoring commission will be increased by one quarter of one percent (0.25%) for each thirty (30) days or part thereof that the stated terms exceed sixty (60) days.

2.4 During each contract year (the twelve months immediately following the date hereof or any anniversary thereof) Client agrees to pay to Hana factoring commissions aggregating at least \$N/A ("Minimum Annual Commission"). If at the end of any contract year the aggregate of factoring commissions paid by Client is less than the Minimum Annual Commission, then Client shall pay to

Hana, or Hana may charge Client's account with, an amount equal to the difference between the Minimum Annual Commission and the factoring commissions actually paid during that contract year. If Client terminates this Agreement at any time during a contract year or if Hana terminates this Agreement at any time during a contract year upon the occurrence of an Event of Default, Client shall nevertheless remain obligated to pay the Minimum Annual Commission for such contract year.

2.5 Client will pay to Hana or Hana may charge Client's account with (i) wire transfer fees on all wire transfers; (ii) all data transmission telephone charges relating to Transmissions; (iii) exchange on checks, charges for returned items and all other bank charges; (iv) all Costs; (v) all other amounts owing by Client to Hana under the Agreement; and (vi) all other Obligations.

2.6 Hana may, in its sole discretion, approve credits for Client, in amount determined from time to time by Hana, to enable Client to purchase goods or services from other factoring clients of Hana (the indebtedness owing by Client for such purchases is hereafter referred to as "Ledger Debt"). There would be no charge for such credit approval to the extent that Client did not pay ledger debt when due. Hana would have the right to pay such amounts and to charge such payments to Client's account.

### **SECTION 3. Interest and Collection Clearance Charge**

3.1 Client will pay Hana interest on the Daily Balance. Interest will be calculated daily at a rate per annum equal to two percent (2.00 %) plus the Base Rate (the "Interest Rate") and will be charged to Client's account on the Collection Date. The Interest Rate will also be charged to Client on all other obligations, except those specifying a different rate, from the date incurred through the date paid. Any publicly announced decrease or increase in the Base Rate will result in an adjustment to the Interest Rate on the next business day. After the occurrence of an Event of Default and for so long as such Event of Default continues, all the Obligations will, at Hana's option, bear interest at a rate per annum equal to five percent (5.0%) plus the Interest Rate. Interest will be calculated on the basis of a 360-day year for the actual number of days elapsed. In no event will the total amount of interest received by Hana permitted by applicable law and in the event excess interest is determined by a court of competent jurisdiction to have been paid by Client to Hana, such excess interest will be applied as a credit against the outstanding Obligations and Client will not have any action against Hana for any damages arising out of the payment or collection of such excess interest.

3.2 If an Account or any payment is charged back to Client after the Collection Date or Approved Payment Date, as applicable, Client will pay Hana interest at the Interest Rate on the Net Amount of such Account or on such payment from such date to the charge back date.

3.3 To allow for collection clearance on all checks and other payments remitted by Client's customers, Client will, in addition to interest, pay Hana a collection clearance charge computed as follows: (a) total cash collections for the month, multiplied by (b) 3 business days, multiplied by (c) the Interest Rate, divided by (d) 360 days.

### **SECTION 4. Representations, Warranties and Covenants**

4.1 Client represents, warrants and covenants as to each Account that, at the time of its creation, the Account is a valid, bona fide account, representing an undisputed indebtedness incurred by the named customer for goods actually sold and delivered; there are no setoffs, offsets or counterclaims, genuine or otherwise, against the Account; the Account does not represent a sale to any of Client's subsidiaries, affiliates, directors, officers, agents, stockholders, or employees, or a consignment, guaranteed sale, or bill and hold transaction, or a cash on delivery sale; no agreement exists permitting any deduction or discount (other than the discount stated on the

invoice); Client is the lawful owner of the Account and has the right to sell and assign the same to Hana; the Account is free of all security interests, liens and encumbrances (including tax liens) other than those in favor of Hana, and the Account is due and payable in accordance with its terms.

4.2 Client will not grant or suffer to exist in favor of any party other than Hana any lien upon or security interest in Client's inventory.

4.3 Client is a solvent corporation; duly incorporated and in good standing under the laws of the State of California and qualified in all States where such qualification is required; the execution, delivery and performance of this Agreement have been duly authorized and are not in contravention of any applicable law, Client's corporate charter or by-laws or any agreement or order by which Client is bound; Client is not, to the best of Client's knowledge, in violation of any law, ordinance, rule, regulation, order or other requirement of any government or any instrumentality or agency thereof.

4.4 Client will not change Client's corporate name or the location of Client's office or open any new offices without giving Hana at least thirty (30) days prior Written Notice. At the present time, Client carries on business only at the above address and at the addresses set forth below: None.

4.5 All books and records pertaining to the Accounts or to any inventory owned by Client will be maintained solely and exclusively at the above address or the addresses listed in Section 4.4 hereof and no such books and records will be moved or transferred without giving Hana thirty (30) days prior Written Notice.

4.6 After Hana's request, Client will hold all returned, replevined or reclaimed goods relating to Accounts coming into Client's possession in trust for Hana and all such goods will be segregated and identified as held in trust for Hana's benefit and Client will, at Hana's request, and at Client's expense, deliver such goods to such place or places as Hana may designate.

4.7 The trade names or styles set forth below are the only trade names or styles under which Client transacts business or has transacted business during the last five (5) years; Accounts sold to Hana hereunder and represented by invoices bearing such trade names or styles are wholly owned by Client; the undertakings, representations and warranties made in connection therewith will be identical to and of the same force and effect as those made with respect to invoices bearing Client's corporate name; Client's use of any trade names or styles is in compliance with all laws regarding the use of such trade names or styles. Client will give Hana thirty (30) days prior Written Notice of the change of any trade name or style or Client's use of any new trade name or style:

It Jeans, IIT Jeans.

Client hereby assigns, transfers, and conveys to Hana, effective upon the occurrence of any Event of Default hereunder, the non-exclusive right and license to use all trade names and trade styles owned or used by Client together with any goodwill associated therewith, all to the extent necessary to enable Hana to realize on any assets of Client in which Client has granted Hana a security interest. Such right and license is granted free of charge without requirement that any monetary payment whatsoever be made to Client or third party by Hana.

4.8 Client may, in the ordinary course of business, issue, grant or allow discounts, credits and allowances on Accounts to customers and accept returns until Hana notifies Client to the contrary by Written Notice or Transmission. Such discounts, credits or allowance once issued may be claimed only by the customer. Client will promptly issue and assign to Hana all full invoice credit invoice credit memos and promptly notify Hana of any other credit memos.

4.9 To the best of Client's knowledge, (a) there are no judgments outstanding against or affecting Client, its officers, directors or affiliates or any of Client's property, (b) there are no actions, charges, claims, demands, suits, proceedings, or governmental investigations now pending or threatened against Client or any of Client's property, and (c) none of Client's inventory has been produced in violation of the Fair Labor Standards Act or any similar law, nor imported in violation of any United States customs regulation.

4.10 Client agrees that no provision in this Agreement and no course of dealing between the parties shall be deemed to create any fiduciary duty by Hana to Client. Client agrees that neither Hana nor any of Hana's affiliates, officers, directors, shareholders, employees, attorneys, or agents shall have any liability with respect to, and Client hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Client in connection with, arising out of, or in any way related to this Agreement of any of the transactions contemplated by this Agreement. Client hereby waives, releases, and agrees not to sue Hana or any of Hana's affiliates, officers, directors, shareholders, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to this Agreement or any of the transactions contemplated by this Agreement.

#### **SECTION 5. Disputes, Chargebacks and Reserves**

5.1 With respect to any Account, upon the occurrence of a breach of any of the representations or warranties contained in Section 4.1, or upon the assertion by a customer of a Dispute, such Account may, at Hana's option, be charged back to Client.

5.2 Client will notify Hana immediately, by Written Notice, in the event that a customer alleges any Dispute, or returns or desires to return any goods purchased from Client relating to an Account. After an Event of Default, Hana may but is not obligated to settle, compromise, adjust or litigate all such Disputes or returns upon such terms as Hana deem advisable. If an unadjusted Dispute delays the payment of any Approved Account when due, Hana will have the right to charge back to Client that Account.

5.3 Client will supply customers, in the format required by customers, with all forms, documents, certificates, etc. that customer requires to process the Account for payment. If Hana notifies Client verbally and/or by Written Notice that a customer which only accepts invoices for payment from Client through Transmission is requesting that Client review its invoice data for correctness and re-transmit invoices by Transmission and if after thirty (30) days from the date of such Notice such invoices remain unposted to such customer's records, Hana will place the Accounts evidenced by such invoices in Dispute.

5.4 Hana may, at Hana's option, charge back to Client all amounts owing on Non-Approved Accounts which are not paid when due and are 60 or more days past due.

5.5 Client will pay Hana, or Hana may charge Client's account with, the amount of any payment which Hana receives with respect to a Non-Approved Account or Takeover Account if such payment is subsequently disgorged by Hana, whether as a result of any proceeding in bankruptcy or otherwise.

5.6 Client shall purchase promptly all Accounts charged back by Hana, provided, however, that until payment by Client to Hana of all monies due with respect to such charged back account, title shall pass to Client subject, however, to Hana's security interest therein. Client agrees to indemnify and save Hana harmless from and against any and all loss, costs and expenses caused by or arising out of disputed Accounts, including, but not limited to, collection expenses and attorney's fees incurred with respect thereto.



5.7 Hana may maintain such reserves as Hana, in Hana's sole discretion, deems advisable as security for the payment and performance of the Obligations, including, without limitation, (i) reserves for the amount of any Account which is subject to a Dispute, (ii) reserves for the amount of any Non-Approved Account that is thirty (30) or more days past due and (iii) reserves for the amount of all Accounts from any single customer if 25% or more of such customer's outstanding Accounts are sixty (60) or more days past due.

## **SECTION 6. Administration**

6.1 Client will, from time to time, (i) execute and deliver to Hana confirmatory schedules of Accounts assigned to Hana (each an Assignment Schedule), together with one copy of each invoice, acceptable evidence of shipment and such other documentation and proofs of delivery as Hana may require. Each invoice relating to an Account and all copies thereof will bear a notice, in form satisfactory to Hana, that the Account has been sold and assigned to and is payable only to Hana. Client agrees that Client will not change such notice on invoices and will not direct its customers to pay Client or any third party amounts due under invoices. Client agrees to prepare and mail all invoices relating to Accounts, but Hana may do so at Hana's option. Client agrees to execute and deliver to Hana such further instruments of assignment, financing statements and instruments of further assurance as Hana may reasonably require. Client authorizes Hana to execute on Client's behalf and file such UCC financing statements as Hana may deem necessary in order to perfect and maintain the security interests granted by Client in accordance with this Agreement. Client further agrees that Hana may file this Agreement or a copy thereof as such UCC financing statement.

6.2 If any remittances are made directly to Client, Client's employees or agents, Client will act as trustee of an express trust for Hana's benefit, hold the same as Hana's property and deliver the same to Hana forthwith in kind. Hana and/or such designee as Hana may from time to time appoint are hereby appointed Client's attorney-in-fact to endorse Client's name on any and all checks or other forms of remittances received by Hana where such endorsement is required to effect collection and to transmit notices to customers, in Client's or Hana's name, that amounts owing by them have been assigned and are payable directly to Hana; this power, being coupled with an interest, is irrevocable.

6.3 Client shall permit Hana and any authorized representatives designated by Hana to visit and inspect any of the properties of Client, including its financial and accounting records, and to make copies and take extracts therefrom, and to discuss its affairs, finances, and business with its officers at such times during normal business hours and as often as Hana requests. Hana may, at any time after the occurrence of an Event of Default, remove from Client's premises all such records, files and books relating to Accounts.

6.4 If Hana determines that the credit standing of a customer has deteriorated after Hana has assumed the Credit Risk on an Account, Client will, at Hana's request, exercise such rights as Client may have to reclaim or stop the goods in transit, and Client hereby grants to Hana the right to take such steps in Client's or Hana's name.

6.5 Hana will render a monthly statement of account to Client within twenty (20) days after the end of each month. Such statement of account will constitute an account stated unless Client makes written objection thereto by Written Notice within thirty (30) days from the date such statement is rendered to Client.

6.6 Client will maintain a system of accounting established and administered in accordance with sound business practice to permit preparation of financial statements in conformity with GAAP. Client will promptly furnish Hana with such statements prepared by or for Client showing Client's

financial condition and the results of Client's operations as Hana may requests verbally or by Written Notice, including without limitation: (i) as soon as available but not later than seventy-five (75) days after the end of each of Client's fiscal year and sixty (60) days after the end of the second quarter of each of Client's fiscal years, Client's balance sheet, income statement and the related statement of cash flows for and as at the end of, the portion of Client's fiscal year then elapsed and a statement of stockholder's equity for such period, reviewed by Client's independent certified public accountants and certified by Client to be prepared in accordance with GAAP and to fairly soon as available but not later than sixty (60) days after the end of the first and third quarters of each of Client's fiscal years, Client's balance sheet, income statement and the related statement of cash flows for and as at the end of, the portion of Client's fiscal year then elapsed and a statement of stockholder's equity for such period, compiled by Client's independent certified public accountants and certified by Client to fairly present Client's financial position and results of operations for such period. Client authorizes Hana to communicate directly with Client's independent certified public accountants and authorizes such accountants to discuss Client's financial condition and financial statements directly with Hana.

6.7 Client authorizes Hana to disclose such information as Hana deems appropriate to persons making credit inquiries about Client.

#### **SECTION 7. Collateral Security**

As collateral security for all Obligations, Client hereby assigns and grants to Hana a continuing security interest in all of the following property, whether now owned by Client or hereafter acquired by Client or arising in Client's favor: (i) Accounts; (ii) general intangibles; (iii) monies, securities and other property now or hereafter held or received by, or in transit to Hana from or for Client, whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all of Client's deposits and credit balances in Hana's possession; (iv) books, records and other property at any time evidencing or relating to any of the foregoing property; and; (v) proceeds of any of the foregoing property including, without limitation, the proceeds of any insurance policies covering any of the foregoing property. Recourse to the collateral security herein provided will not be required, and Client will at all times remain liable for the payment and performance of the Obligations upon demand by Hana.

#### **SECTION 8. Events of Default**

The occurrence of any of the following acts or events will constitute an Event of Default: (a) if Client fails to make payment of any of the Obligations when due; (b) if Client fails to make any remittance required by this Agreement; (c) if Client commits any breach of any of the terms, representations, warranties, covenants, conditions or provisions of this Agreement, or of any present or future supplement or amendment hereto or of any other agreement between Hana and Client; (d) if Client becomes insolvent or unable to meet Client's debts as they mature; (e) if Client fails to pay when due any material obligations or liabilities owing by Client to any person or entity (including without limitation, any United States and state taxes); (f) if Client delivers to Hana a false financial statement or if any representation, warranty, certification, or other statement made by Client to Hana is false in any material respect when made; (g) if Client calls, or has called by a third party, a meeting of creditors; (h) if any bankruptcy proceeding, insolvency arrangement or similar proceeding is commenced by or against Client; (i) if Client suspends or discontinues doing business for any reason; (j) if a receiver or trustee of any kind is appointed for Client or any of Client's property; (k) if any guarantor of Client's Obligations dies or becomes insolvent or has commenced by or against such guarantor any bankruptcy proceeding, insolvency arrangement or similar proceeding; (l) if any guaranty of Client's Obligations is terminated or any guarantor alleges that the guaranty is unenforceable, or if there is a default under any such guaranty; (m) if there shall be a change in the beneficial ownership and control, directly or indirectly of the majority of the outstanding voting securities or other interests entitled (without regard to the occurrence of any

contingency) to elect or appoint members of the board of directors or other managing body of Client; or (n) if a notice of lien, money judgment, levy, assessment, seizure or writ, or warrant of attachment is entered or filed against Client or with respect to the Accounts or any other collateral in which Client has granted Hana a security interest; or (o) if Client sells, leases, transfers or otherwise disposes of all or substantially all of Client's property or assets, or consolidates with or merges into or with any corporation or entity.

Upon the occurrence and during the continuance of an Event of Default, Hana will have the right to terminate this Agreement and all other arrangements existing between Hana forthwith and without notice, and the Obligations will mature and become immediately due and payable and Hana will have the right to withhold any further payments to Client until all Obligations have been paid in full. In addition Hana will have all of the rights of a secured party under the Uniform Commercial Code, including, without limitation, the right to take possession of any collateral in which Hana has a security interest and to dispose of same at public or private sale and Client will be liable for any deficiency. Hana will not be required to proceed against any collateral but may proceed against Client directly.

If either party to this Agreement shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees incurred in bring such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purpose of this section, attorney fees shall include, without limitation, fees incurred in the following: (1) postjudgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examination; (4) discovery; and (5) bankruptcy litigation.

#### **SECTION 9. Term and Termination**

This Agreement will continue in force and effect until terminated by either party hereto giving the other party not less than sixty (60) days prior Written Notice thereof; provided, however, that Client will not terminate this Agreement so long as Client is indebted or obligated to Hana in connection with any other agreements between Hana and Client.

Notwithstanding any such Written Notice of termination, Client's and Hana's respective rights and obligations arising out of transactions having their inception prior to the date of termination of this Agreement and all terms, provisions and conditions hereof, including but not limited to, the security interests hereinabove granted to Hana (including Accounts arising, acquired or created after the date of termination of this Agreement), will continue in full force and effect until all Obligations have been paid in full. All of the representations, warranties and indemnities and covenants made by Client herein will survive the termination of this Agreement.

#### **SECTION 10. Modifications, Waivers and Miscellaneous Provisions**

This Agreement may not be changed or terminated orally; it constitutes the entire agreement between Client and Hana and will be binding upon Client's and Hana's respective successors and assigns, but may not be assigned by Client without Hana's prior written consent. No delay or failure on Hana's part in exercising any right, privilege, or option hereunder will operate as a waiver thereof or of any other right, privilege or option. No waiver whatsoever will be valid unless in a Written Notice, signed by Hana, and then only to the extent therein set forth. If any term or provision of this Agreement is held invalid under any statute, rule or regulation of any jurisdiction competent to make such a decision, the remaining terms and provisions will not be affected, but will remain in full force and effect.

Any Written Notice to be given under this Agreement will be in writing addressed to the respective party as set forth in the heading to this Agreement and will be personally served, telecopied or sent by overnight courier service or United States mail and will be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 4:00 p.m. (Los Angeles time) or, if not, on the next succeeding Business Day; (c) if delivered by overnight courier, two (2) days after delivery to such courier properly addressed; or (d) if by U.S. Mail, four (4) Business Days after depositing in the United States mail, with postage prepaid and properly addressed.

Hana conducts business under California commercial finance lender license number 6032324.

#### **SECTION 11. Governing Law, Venue and Waiver of Jury**

APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

CONSENT TO JURISDICTION. CLIENT HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AND IRREVOCABLY AGREES THAT, SUBJECT TO HANA'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. CLIENT EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. CLIENT HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON CLIENT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO CLIENT, AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

WAIVER OF JURY TRIAL. CLIENT AND HANA HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. CLIENT AND HANA ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. CLIENT AND HANA WARRANT AND REPRESENT THAT EACH AS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

#### **SECTION 12. Definitions**

"Accounts" -- All presently existing or outstanding and all hereafter created or acquired accounts (as that term is defined in the UCC), contract rights, documents, notes, drafts and other forms of obligations owed to or owned by Client arising or resulting from the sale of goods or the rendering of services by Client, all general intangible relating thereto, all proceeds thereof, all guaranties and security therefor, and all goods and rights represented thereby or arising therefrom, including, but not limited to, returned, reclaimed and repossessed goods and the rights of stoppage in transit, replevin and reclamation.

"Approved Account" -- An Account representing a sale to a customer within the credit line established for such customer on Client's normal selling terms or within the single order credit approval given by Hana for orders from such customer provided that Delivery is completed

while the credit line or single order credit approval remains in effect and which has not been charged back to Client.

"Approved Payment Date" -- The date which is one hundred twenty (120) days after the due date for payment of an Approved Account.

"Base Rate" -- The highest prime rate publicly announced from time to time by Wall Street Journal as its prime or base rate or equivalent rate.

"Business Day" -- Any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or is a day on which banking institutions located in such State are closed.

"Collected Amount" -- The amount received by Hana from a customer in payment of an Account up to the Net Amount of such Account.

"Collection Date" -- The date on which Hana receives payment of an Account.

"Credit Risk" -- The risk that a customer will be financially unable to pay an Account at maturity, provided that the merchandise has been received or services rendered and accepted by the customer without Dispute.

"Contract Year" -- The twelve month period commencing on the date of this Agreement or on any anniversary thereof.

"Costs" -- All costs, fees and expenses (including attorney's fees and the allocated costs of internal counsel) incurred by Hana in connection with (i) the creation, negotiation or administration of this Agreement, any related instrument, document or agreement, or any waiver, forbearance, amendment or modification thereof (ii) the perfection, protection, preservation or enforcement of Hana's rights in any collateral in which Hana has been granted a security interest and (iii) all filing fees, filing taxes or search reports.

"Daily Balance" -- The outstanding balance of all advances made by Hana to Client or for Client's account in accordance with subsection 2.1 hereof less all amounts credited to Client's account in accordance with subsection 2.2 hereof.

"Delivery" -- The delivery of goods or performance of services in accordance with the terms agreed to in writing between Client and a customer, provided that if no such terms are specified in writing, delivery shall mean delivery of goods or performance of services at the customer's place of business.

"Dispute" -- A dispute or claim, bona fide or otherwise, as to price, terms, quantity, quality, Delivery, or any cause or defense to payment of an Account whatsoever other than financial inability of a customer to pay the Account.

"Effective Date" -- The date set forth below Hana's signature hereto.

"GAAP" -- Generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Boards of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.

"Hana Clients" -- Any persons, corporations, partnerships, companies, associations or entities (other than Client) which have entered into factoring, inter-credit or financing agreements with any of Hana's offices.

"Ledger Debt" -- Indebtedness owing by Client to Hana as a result of Hana's purchases of invoices evidencing sales to Client by Hana Clients.

"Net Amount" -- The gross amount of an Account less the discount offered by Client and taken by Hana at the time Hana purchases such Account.

"Non-Approved Account" -- (a) An Account with respect to which Hana has not issued a credit approval or has subsequently withdrawn a credit approval or (b) an Approved Account that has been charged back to Client.

"Obligations" -- All loans, advances, debts, liabilities, obligations, covenants and duties owing by Client to Hana, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including, without limitations, Ledger Debt and indebtedness arising under any guaranty made by Client for Hana's benefit or issued by Hana on Client's behalf.

"Purchase Price" -- An amount equal to the Net Amount of an Account, less factoring commissions, credits (including, without limitation, merchandise returns and credit memos), charge backs, allowances, and all other charges provided thereunder.

"Takeover Account" -- An Account created or existing prior to the Effective Date.

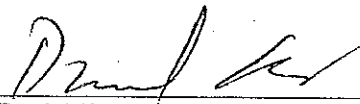
"UCC" -- The Uniform Commercial Code as in effect on the date hereof in the States of California, as amended from time to time, and any successor statute.

"Written Notice" -- Notice given in writing in accordance with Section 10 of Agreement.

In Witness Whereof, the undersigned have caused this agreement to be executed and delivered by their thereunto duly authorized officers as of the Effective Date.

Hana Financial, Inc.

It Jeans, Inc.

By:   
Daniel Ko  
Senior Vice President

By:   
Jean Seong  
President

Effective Date: 10/13/98

EXHIBIT C

WLS  
1.4.00

LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT, is entered into as of January 4, 2000 by and between IT JEANS, INC., a California corporation ("Borrower"), and HANA FINANCIAL, INC., ("Lender").

RECITALS

A. Borrower has requested that Lender provide financial accommodations to Borrower as more fully set forth herein.

B. Borrower has requested that Guarantor(s) guaranty the Obligations.

C. This Agreement is entered into and will be performed in the State of California.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as follows:

AGREEMENT

1. **Certain Definitions and Index to Definitions.** All terms contained in this Agreement which are not specifically defined herein shall have the meanings provided in the Uniform Commercial Code to the extent the same are used herein.

"Borrower" - see Preamble hereof.

"Collateral" - all of the following present and future assets of Borrower, together with all collateral now or hereafter described in any form UCC-1 filed against Borrower naming Lender as the secured party:

Accounts, including all amounts owed to Debtor for the licensing of intellectual property rights;

Chattel paper;

Inventory;



Equipment;  
Instruments;  
Securities;  
General intangibles;  
Documents;  
investment property;

Rights ancillary to, or arising in any way in connection with, any of the foregoing, including security agreements securing any of the foregoing, guaranties guarantying any of the foregoing, documents, notes, drafts representing any of the foregoing, the right to returned goods, warranty claims with respect to any of the foregoing, amounts owed in connection with the short-term use or licensing of any of the foregoing, government payments in connection with the purchase or agreement not to produce any of the foregoing;

books and records pertaining to the foregoing and the equipment containing the books and records; and

to the extent not listed above as original collateral, proceeds and products of the foregoing, including money, deposit accounts, goods, insurance proceeds and other tangible or intangible property received upon the sale or other disposition of the foregoing.

"Default Rate" - five whole (5.00%) percent per annum in excess of the Interest Rate. To the extent the Default Rate is calculated with reference to the Prime Rate, any change in the Default Rate shall be effective as of the date of any change in the Prime Rate.

"Event of Default" - see Section 10 hereof.

"Financial Accommodations" - Loans, Supplier Guarantees, or Letters of Credit.

"Guarantor(s)" - all entities now or hereafter guaranteeing the Obligations.

"Issuer" - the issuer of a Letter of Credit.

"Interest Rate" - two whole (2.0%) percent per annum in excess of the Prime Rate.

"L/C Fee" - 2.0% of the original face amount of a Letter of Credit.

"Letters of Credit" - letters of credit issued at Borrower's request, either (i) issued by Lender or (ii) issued with and based upon the credit support of Lender.

"Loans" - cash advances made by Lender to Borrower hereunder.

"Maximum Amount" - \$600,000.00

"Misdirected Payment Fee" - fifteen whole (15.00%) percent of the amount of any payment on an Account where said payment has been received by Borrower and not delivered in kind by Borrower to Lender within three (3) business days of receipt thereof.

"Note" - the promissory note in a face amount equal to the Maximum Amount, which evidences the Obligations.

"Obligations" - all present and future obligations owing by Borrower to Lender whether or not for the payment of money, whether or not evidenced by any note or other instrument, whether direct or indirect, absolute or contingent, due or to become due, joint or several, primary or secondary, liquidated or unliquidated, secured or unsecured, original or renewed or extended, whether arising before, during or after the commencement of any Bankruptcy Case in which Borrower is a debtor, including but not limited to any obligations arising pursuant to letters of credit or acceptance transactions or any other financial accommodations;

"Obligors" - Borrower and all Guarantors.

"Prime Rate" - the Prime Rate as reflected in The Wall Street Journal (Western Edition). If such rate is shown as a range, then the Prime Rate shall be the highest value in such range.

"Standard Fee Schedule" - the schedule of Lender's standard fees for services.

"Supplier" - the creditor of Borrower in whose favor a

Supplier Guaranty is issued.

"Supplier Guaranty" - a guaranty, issued by Lender supporting Borrower's obligations to a Supplier.

"Supplier Guaranty Fee" - N/A of the original face amount of a Supplier Guaranty for each N/A day period, or fraction thereof from the date on which the Supplier Guaranty is received by the beneficiary to the date on which Lender no longer has any liability under a Supplier Guaranty.

2. **Financial Accommodations.** Lender may from time to time, in its sole discretion, and at Borrower's request, provide the following Financial Accommodations to Borrower, so long as the Obligations, before and after the Financial Accommodations, do not exceed the Maximum Amount.

2.1 **Loans.**

2.1.1 Lender may make Loans (i) upon telephonic, facsimile or other instructions received from anyone purporting to be an officer, employee or representative of Borrower; or (ii) at the sole discretion of Lender, and notwithstanding any other provision in this Agreement, if necessary to meet any Obligations, including but not limited to interest not paid when due or reimbursements due from Borrower to Lender relating to Letters of Credit or Supplier Guarantees.

2.1.2 All Loans may be made by deposits or transfers to any demand deposit account of Borrower.

2.2 **Letters of Credit.**

2.2.1 Letters of Credit will only be issued upon Lender's receipt of an application therefor, purportedly signed by Borrower.

2.2.2 Borrower shall indemnify Lender and hold it harmless from and against any and all claims and expenses in connection with the issuance of any Letter of Credit, or the honor thereof by any Issuer, it being irrebuttably presumed that any amounts paid by Lender to an Issuer on account thereof is included in this indemnity. All amounts due from Borrower to Lender hereunder shall be paid to Lender on demand,

2.2.3 As compensation for the issuance of Letters of Credit, Borrower shall pay to Lender the L/C Fee upon the issuance

of the Letter of Credit, and, on demand, all changes imposed by the Issuer upon Lender arising out of the Letter of Credit.

### 2.3 Supplier Guarantees.

2.3.1 Lender may issue Supplier Guarantees in accordance with written instructions received from Borrower.

2.3.2 As compensation for the issuance of Supplier Guarantees, Borrower shall pay to Lender the Supplier Guaranty Fee on the first day of each month following its accrual.

### 3. Payments by Borrower.

3.1 **ACH Debits.** In order to satisfy any of the Obligations, Lender is hereby authorized by Borrower to initiate electronic debit or credit entries through the ACH (or other electronic payment) system to any deposit account maintained by Borrower. At the Lender's request, Borrower shall execute and deliver to Lender an authorization agreement for ACH debits and credits.

### 3.2 Interest and Fees.

#### 3.2.1 Interest.

3.2.1.1 **Basic Interest.** Interest on Loans shall be payable monthly, in arrears, shall be computed at the Interest Rate, and shall be due on the first (1st) day of each month following the accrual thereof.

#### 3.2.1.2 Default Interest.

3.2.1.2.1 Immediately upon the occurrence of an Event of Default, Interest shall accrue on Loans at the Default Rate.

3.2.1.2.2 Lender's failure to assess interest at the Default Rate as provided hereunder shall not be deemed a waiver by Lender to charge such Default Rate. Lender reserves the right, and Borrower hereby acknowledges that Lender may, recalculate interest at the Default Rate.

3.2.1.3 **Calculation of Interest.** All interest charged hereunder shall be computed on the basis of a three-hundred sixty (360) day year for the actual number of days elapsed. Notwithstanding anything to the contrary contained

herein, any interest rate calculated hereunder shall be rounded up to the closest one-quarter of one (1/4 of 1%) percent, with no adjustments made for rate changes of less than one-quarter of one (1/4 of 1%) percent.

**3.2.2 Fees.**

**3.2.2.1 Misdirected Payment Fee.** Borrower shall pay the Misdirected Payment Fee to Lender immediately upon its accrual.

**3.2.2.2 Additional Fees.** Borrower shall pay to Lender fees for such services as Lender customarily charges, as set forth in Lender's Standard Fee Schedule, a copy of which will be provided to Borrower on demand. Lender shall have the right to change all or any of such fees upon ten (10) days notice to Borrower.

**4. Grant of Security Interest.** To secure the payment and performance in full of all of the Obligations, Borrower hereby grants to Lender a continuing security interest in the Collateral.

**5. Collection and Administration of Accounts.**

**5.1 Notifications.** Lender may, at any time, irrespective of whether an Event of Default has occurred, without notice to or the assent of Borrower notify any Account Debtor by means of the letter attached hereto as Exhibit A, that Borrower's accounts has been assigned to Lender and that payment thereof is to be made to the order of and directly and solely to Lender; and

**5.2 Lender's Powers.** Borrower hereby authorizes Lender and any designee of Lender, at Borrower's sole expense, to exercise at any time in Lender's or such designee's discretion all or any of the following powers, which powers are irrevocable until all of the Obligations have been paid in full:

**5.2.1** receive, take, endorse, assign, deliver, accept and deposit, in the name of Lender or Borrower, any and all cash, checks, commercial paper, drafts, remittances and other instruments and documents relating to the Collateral or the proceeds thereof;

**5.2.2** take or bring, in the name of Lender or Borrower, all steps, actions, suits or proceedings deemed by Lender necessary or desirable to effect collection of or other realization upon any Collateral;

5.2.3 after an Event of Default, change the address for delivery of mail to Borrower and to receive and open mail addressed to Borrower;

5.2.4 after an Event of Default, upon any terms and conditions, extend the time of payment of, compromise, or settle for cash, credit, return of merchandise, any accounts and discharge or release any party obligated thereon without affecting any of the Obligations;

5.2.5 execute in the name of Borrower and file against Borrower in favor of Lender financing statements or amendments with respect to any or all of the Collateral;

5.2.6 execute in the name of Borrower and file on behalf of Borrower with such governmental authorities as are appropriate such documents (including, without limitation, applications, certificates, and tax returns) as may be required for purposes of having Borrower qualified to transact business in a particular state or geographic location; and

5.2.7 pay any sums necessary to discharge any lien or encumbrance which is senior to Lender's security interest in the Collateral, which sums shall be included as Obligations hereunder, and which sums shall accrue interest at the Default Rate until paid in full.

**6. Representations and Warranties.** Borrower represents and warrants to Lender as follows:

**6.1 Priority Interest.** Borrower has good and indefeasible title to the Collateral, free and clear of liens, claims, security interests, or encumbrances.

**6.2 Location of Collateral.** The Inventory and Equipment are not stored with a bailee, warehouseman, or similar party (without Lender's prior written consent) and are located only at the locations identified on Exhibit B hereto.

**6.3 Chief Executive Office.** The chief executive office of Borrower is located at the address indicated herein.

**7. Expenses.** Borrower shall pay to Lender:

**7.1 Generally.** all reasonable out-of-pocket expenses of Lender (including, but not limited to, fees and disbursements of

Lender's counsel) incident to (whether by judicial proceedings or otherwise, and whether any resulting dispute resolution procedure involving tort, contract or other claims):

7.1.1 the preparation, negotiation, execution, administration and enforcement of this Agreement, any amendments, extensions and renewals thereof, and any other documents prepared in connection with any transactions between Borrower and Lender, whether or not executed;

7.1.2 or in any way arising out of a bankruptcy proceeding commenced by or against Borrower, including but not limited to expenses incurred in enforcing or defending Lender's claims against Borrower or the Collateral, defending any avoidance actions, and expenses related to the administration of said proceeding.

7.2 **Costs and Expenses - Enforcement of Judgments.** all costs and expenses, including attorneys' fees, which Lender incurs in enforcing any judgment rendered in connection with this Agreement. This provision is severable from all other provisions hereof and shall survive, and not be deemed merged into, such judgment.

8. **Events of Default.** Each of the following events or conditions shall constitute an "Event of Default":

8.1 Borrower defaults in the payment of any Obligations when due, whether at maturity, upon acceleration, or otherwise;

8.2 Borrower is in default with respect to this Agreement;

8.3 An order for relief is entered against any Obligor by any United States Bankruptcy Court; or any Obligor does not generally pay its debts as they become due (within the meaning of 11 U.S.C. 303(h) as at any time amended, or any successor statute thereto); or any Obligor makes an assignment for the benefit of creditors; or any Obligor applies for or consents to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its assets, or such custodian, receiver, trustee, or similar officer is appointed without the application or consent of any Obligor; or any Obligor institutes (by petition, application, answer, consent, or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by

petition, application, or otherwise) against any Obligor; or any judgment, writ, warrant of attachment, execution, or similar process shall be issued or levied against a substantial portion of the property of any Obligor;

**9. Remedies.**

9.1 Upon the occurrence of any Event of Default at Lender's option:

9.1.1 all sums due hereunder shall be immediately due and payable;

9.1.2 Borrower shall immediately pay to Lender the undrawn amount of outstanding Letters of Credit and the outstanding amount of Supplier Guarantees, to be held by Lender in a non-segregated account, without interest, as cash collateral securing Borrower's obligations hereunder.

9.2 **BORROWER WAIVES ANY REQUIREMENT THAT LENDER INFORM BORROWER BY AFFIRMATIVE ACT OR OTHERWISE OF ANY ACCELERATION OF THE OBLIGATIONS.**

10. **Liquidation Success Premium.** If Borrower shall essentially cease operating as a going concern, and the proceeds of Collateral created after the occurrence of an Event of Default (the "Default") are in excess of the Obligations at the time of Default, Borrower shall pay to Lender a liquidation success premium of ten (10%) percent of the amount of such excess.

11. **No Lien Termination Without Release.** In recognition of Lender's right to have all its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Collateral, notwithstanding payment in full of all Obligations by Borrower, Lender shall not be required to record any terminations or satisfactions of any of its liens on the Collateral unless and until each Obligor has executed and delivered to Lender general releases in a form reasonably acceptable to Lender. Borrower understands that this provision constitutes a waiver of its rights under §9-404 of the UCC.

12. **Account Stated.** Lender shall render to Borrower a statement setting forth the transactions arising hereunder. Each statement shall be considered correct and binding upon Borrower, absent manifest error, as an account stated, except to the extent that Lender receives, within thirty (30) days after the mailing of such statement, written notice from Borrower of any specific exceptions



by Borrower to that statement.

13. **Entire Agreement.** This Agreement supersedes all other agreements and understandings between the parties hereto, verbal or written, express or implied, relating to the subject matter hereof. No promises of any kind have been made by Purchaser or any third party to induce Seller to execute this Agreement. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

14. **Miscellaneous.**

14.1 **Notices.**

All notices required to be given to either party hereunder shall be deemed given upon the first to occur of: (a) deposit thereof in a receptacle under the control of the United States Postal Service; (b) transmittal by electronic means to a receiver under the control of the party to whom notice is being given; or (c) actual receipt by the party to whom notice is being given, or an employee or agent of thereof. For purposes hereof, the addresses of the parties are as set forth below or as may otherwise be specified from time to time in a writing sent by one party to the other in accordance with the provisions hereof:

Party: HANA FINANCIAL, INC.  
Address: 1055 Wilshire Blvd., Suite 1717  
Los Angeles, CA 90017  
Officer: Sunnie S. Kim  
Fax number: 213-482-1212

Party: IT JEANS, INC.  
Address: 528 S. Mateo Street  
Los Angeles, CA 90013  
Officer: Jean Song  
Fax number: 213-687-1060

14.2 **Amendment and Waiver.** Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

14.3 No Waiver. No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which Lender may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any acquiescence in any breach or default hereunder; nor shall any waiver by Lender of any breach or default by Borrower hereunder be deemed a waiver of any default or breach subsequently occurring.

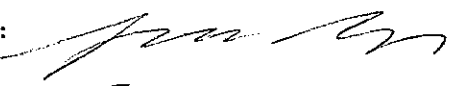
14.4 Choice of Law. This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the State of California.

14.5 Waiver Of Trial By Jury. IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

BORROWER:

IT JEANS, INC.

By: 

Name: *Jean Seung*

Title: *Pres.*

LENDER:

HANA FINANCIAL INC.

By: *John Park*

Name: JOHN PARK

Title: S.V.P.

EXHIBIT A - Notification Letter

Date:

Re: IT JEANS, INC. (the "Client")

Ladies and Gentlemen:

We are pleased to advise that, to enable the Client to better service its customers, the Client has assigned its present and future accounts to us.

To the extent that you are now indebted or may in the future become indebted to the Client, payment thereof is to be made to us and not to the Client or any other entity. The payments should be mailed to us at the following address:

HANA FINANCIAL, INC.  
P.O. BOX 92943  
LOS ANGELES, CA90009

Attention: Cash Application Department

This letter may only be revoked by a writing signed by one of our officers and acknowledged before a notary public.

To assist us in applying payments please fax a copy of this to us indicating your Federal Tax Identification Number in this space:

Please do not allow this letter to cause you any confusion, and we thank you in advance for continuing your fine payment record.

Thank you.

Very truly yours,

HANA FINANCIAL, INC.

By:

AUTHORIZED

IT JEANS, INC.

By:

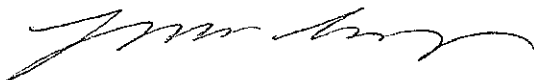


EXHIBIT B

LOCATION OF COLLATERAL

**EXHIBIT D**

**AMENDED AND RESTATED FACTORING, LOAN & SECURITY AGREEMENT #2**

This Amended and Restated Factoring, Loan & Security Agreement amends and replaces that certain Amended and restated Loan and Security Agreement dated January 24, 2005, as amended.

This Amended and Restated Factoring, Loan & Security Agreement (this "Agreement"), dated and effective as of the Effective Date, August 1, 2007, and entered into between Hana Financial, Inc., a California corporation, with offices at 1000 Wilshire Blvd., 20th Floor, Los Angeles, CA 90017, Telecopy No.: (213) 482-1212 ("Hana"), and It Jeans, Inc. dba Jessica Lauren, a California corporation, whose address is 5251 S. Santa Fe Ave., Vernon, CA 90058, Telecopy No.: (323) 588-3156 (Client"). Certain capitalized terms used herein will have the meanings assigned to such terms in Section 13 of this Agreement.

WHEREAS, Client has requested and Hana has agreed to purchase all of Client's Accounts, provide Advances against such Accounts, issue factor and supplier guaranties and provide certain services; and

WHEREAS, Kimmy Song and Jean Ro are each willing to guarantee all of the obligations of Client to Hana under the Loan Documents on a joint and several basis;

NOW, THEREFORE, in consideration of the agreements, provisions, and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Client and Hana agree as follows:

**SECTION 1. Sale and Approval of Accounts**

1.1 Client hereby agrees to sell, assign and transfer to Hana, and Hana hereby agrees to purchase, all of Client's Accounts, with full power to Hana to collect and otherwise deal with such Accounts as the sole and exclusive owner thereof. Hana will purchase an Account on the shortest selling terms for the Purchase Price thereof upon receipt by Hana of the invoice copy evidencing such Account.

1.2 (a) Client will submit for Hana's credit approval the credit requirements of Client's customers, a description of Client's normal selling terms and such other Information as Hana requests concerning Client's customers. Hana may, in Hana's sole credit judgment, establish credit lines for sales to Client's customers on Client's normal selling terms or on other selling terms approved by Hana by Written Notice and/or Transmission. Client may also submit for Hana's credit approval specific orders from Client's customers and Hana may, in Hana's sole credit judgment, approve such orders on a single order credit approval basis. All of Hana's credit approvals will be by Written Notice to Client. All sales to a customer within the credit line established for such customer on Client's normal selling terms or within the single order credit approvals given by Hana for orders from such customer will be Approved Accounts provided that: (i) Delivery is completed while the credit line or single order credit approval remains in effect; (ii) the Account is assigned to Hana within thirty (30) days of Delivery; and (iii) the Account is not past due at the time of assignment.

(b) Hana may amend or withdraw a credit line or single order credit approval at any time prior to Delivery by notifying Client verbally and/or by Written Notice. A single order credit approval will be automatically withdrawn: (i) in the event Delivery is not made on or prior to the expiration date indicated on the single order credit confirmation form Hana sends to Client by Written Notice; or (ii) in the event any change is made in any of the terms of the Account without Hana's prior approval by Written Notice.

(c) Hana will have no liability to Client or to any customer for Hana's refusal to credit approve an Account or Hana's withdrawal or amendment of a credit approval.

  
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1.3 Hana will assume the Credit Risk on all Approved Accounts. Hana will have full recourse to Client for all Non-Approved Accounts.

1.4 In the event that monies are at any time owing by a customer for both Approved Accounts and Non-Approved Accounts, any amount when paid by or credited to the customer will be applied as follows:

(a) If Hana issued single order approvals, all amounts paid by or credited to the customer will be deemed applied first to Approved Accounts.

(b) If Hana established a credit line for such customer and if the credit line was in force at the time amounts were received from or credited to the customer, such amounts will be deemed applied first to Non-Approved Accounts. If the credit line is canceled, any amount thereafter received or credited will be deemed applied first to Approved Accounts.

1.5 If a bankruptcy or insolvency proceeding is instituted by or against a customer and if Hana agrees by Written Notice to Client to make a claim in such proceeding for Non-Approved Accounts, all amounts distributed to Hana in such proceeding will be shared pro rata between Approved Accounts and Non-Approved Accounts.

## SECTION 2. Advances, Payments, Commissions and Fees.

2.1 (a) Subject to the terms and conditions of this subsection and this Agreement and provided that there does not exist a Default or an Event of Default and in reliance upon Client's representation and warranties herein set forth, Hana may, upon Client's request, and in Hana's sole discretion, make advances to Client or for Client's account against the Purchase Price of Eligible Accounts in amounts determined by Hana, in Hana's sole discretion, of up to the following percentage of the Purchase Price of such Accounts:

(i) if the Eligible Account is an Approved Account, Hana may advance to Client up to eighty five percent (85%) of the Purchase Price of such Approved Account;

(ii) if the Eligible Account is a Non-Approved Account, Hana may advance to Client up to eighty five percent (85%) of the Purchase Price of such Non-Approved Account.

(b) Hana shall establish and may adjust, in its sole discretion, standards to determine whether an Account purchased by Hana is eligible for an Advance ("Eligible Account(s)") and the percentage rate of such Advance at such time as Client requests an Advance. Each such increase or decrease in the percentage rate or amount of any Advance shall become effective immediately for the purposes of calculating availability of Advances herein.

(c) Without limiting the generality of the foregoing, the following Accounts are not Eligible Accounts:

(i) Accounts which are Non-Approved Accounts and which Hana deems, in its sole discretion, to be ineligible; and

(ii) Accounts with respect to which the customer is an Affiliate of Client's or a director, officer, agent, stockholder, or employee of Client's or any of Client's Affiliates; and

(iii) Accounts with respect to which there is any Dispute with the respective customer; and

(iv) any Account with respect to which the customer is a person to which Client is indebted, provided, however, that any such Account shall only be ineligible as to that portion of such Account

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which is less than or equal to the amount owed by Client to such person; and

(v) Accounts which have been charged back to Client pursuant to Sections 6.1, and 6.4 hereof; and

(vi) cash-on-delivery Accounts; and

(vii) cash sale Accounts; and

(viii) Approved Accounts arising from sales to a single customer, in the aggregate, in excess of an amount equal to the lesser of: (i) **fifty percent (50%)** of the total Net Amount of all Accounts from all customers outstanding at such time or (ii) **two million dollars (\$2,000,000.00)**; and

(ix) Non-Approved Accounts arising from sales to a single customer, in the aggregate, in excess of an amount equal to the lesser of: (i) **one hundred percent (100%)** of the total Net Amount of all Accounts from all customers outstanding at such time; and

(x) Non-Approved Accounts that are **thirty (30)** or more days past due; and

(xi) All Non-Approved Accounts from any single customer if **thirty percent (30%)** or more of such customer's outstanding Accounts are **thirty (30)** or more days past due; and

(xii) Accounts due from a customer whose principal place of business is located outside the United States of America or Canada that are not covered by a letter of credit, in acceptable form to Hana, in its sole discretion or which are not otherwise Approved Accounts.

(d) Hana does not intend to make any advances on any Non-Approved Accounts to the extent any such advance would cause the aggregate amount of outstanding advances with respect to Non-Approved Accounts to exceed **one million dollars (\$1,000,000.00)**; and Hana does not intend to make any advances on any Accounts to the extent any such advance would cause the aggregate amount of outstanding Obligations to exceed **two million dollars (\$2,000,000.00)** (the "Credit Limit").

(e) Notwithstanding the foregoing, in no event shall the total of outstanding Advances at any one time exceed the Credit Limit. To the extent that the total of aggregate outstanding Advances exceeds the Credit Limit, Client shall pay to Hana upon its demand any and all amounts necessary to reduce the aggregate outstanding Advances to or below the Credit Limit.

2.2 As payment for an Account, the Collected Amount of the Purchase Price of an Account will be credited to Client's account as of the Collection Date. The payments, when credited to Client's account, shall first be applied to all advances, interest, and other amounts due Hana hereunder. If an Approved Account remains partially or fully unpaid solely as a result of the financial inability of the customer thereon to pay such Approved Account and if such Account is not subject to a Dispute, the Purchase Price of such Approved Account less any Collected Amounts previously credited to Client's account with respect to such Approved Account and less advances, interest and any other amounts due Hana will be credited to Client's account on the Approved Payment Date for such Approved Account.

2.3 At the time Hana purchases an Account, Hana will charge Client's account with a factoring commission equal to **eighty five hundredths of a whole percent (0.85%)** of the Net Amount of the Approved Accounts plus the Surcharge Amount, as applicable. At the time Hana purchases an Account, Hana will charge Client's account with a factoring commission equal to **eighty five hundredths of a whole percent (0.85%)** of the Net Amount of the Non-Approved Accounts. On Accounts bearing payment terms in excess of sixty (60) days, the factoring

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commission will be increased by one quarter of one percent (0.25%) for each thirty (30) days or part thereof that the stated terms exceed sixty (60) days. Notwithstanding the foregoing, at the time Hana purchases a Delia's Account, Hana will charge Client's account with a factoring commission equal to three tenths of a whole percent (0.30%) of the Net Amount of the Approved Accounts plus the Surcharge Amount, as applicable.

2.4 During each Contract Year, Client agrees to pay to Hana factoring commissions aggregating at least eighty five thousand dollars (\$85,000.00) ("Minimum Annual Commission"). If at the end of any Contract Year the aggregate of factoring commissions paid by Client is less than the Minimum Annual Commission, then Client shall pay to Hana, or Hana may charge Client's account with, an amount equal to the difference between the Minimum Annual Commission and the factoring commissions actually paid during that Contract Year. If Client terminates this Agreement at any time during a Contract Year or if Hana terminates this Agreement at any time during a Contract Year upon the occurrence of an Event of Default, Client shall nevertheless remain obligated to pay the Minimum Annual Commission for such Contract Year.

2.5 Client will pay to Hana or Hana may charge Client's account with (i) wire transfer fees on all wire transfers; (ii) Overadvance Fee as set forth in section 2.7; (iii) all data transmission telephone charges relating to Transmissions; (iv) exchange on checks, charges for returned items and all other bank charges; (v) all Costs; (vi) all other amounts owing by Client to Hana under the Agreement; and (vii) all other Obligations.

2.6 Hana shall charge Client for each audit Hana or Hana's agent performs on behalf of Hana, at reasonable industry rates at that time, together with out-of-pocket expenses.

2.7 Hana may allow over advance at its sole discretion. If Hana allows such over advance, Client shall pay the Overadvance Fee in the amount up to but not excess of one whole percent (1.0%) of the over advance amount. Any such Overadvance Fee shall be determined at Hana's sole discretion.

### SECTION 3. Loans, Letters of Credit, Factor/Supplier Guaranties and Ledger Debt

3.1 The Loan facility shall be subject to the following terms and conditions:

(a) In addition to Advances described in Section 2 above, subject to the terms and conditions of this Agreement and provided there does not exist a Default or Event of Default and in reliance upon Client's representations and warranties herein set forth, Hana may make Loans (i) upon telephonic, facsimile or other instructions received from anyone purporting to be an officer, employee or representative of Client; or (ii) at the sole discretion of Hana, and notwithstanding any other provision in this Agreement, if necessary to meet any Obligations, including but not limited to interest not paid when due and reimbursements due from Client to Hana relating to Letters of Credit Guaranties and/or Factor/Supplier Guarantees.

(b) Client shall pay to Hana fees for such Loans as Hana customarily charges, as set forth in Hana's Standard Fee Schedule, a copy of which will be provided to Client on demand.

3.2 The Letter of Credit Guaranty facility shall be subject to the following terms and conditions:

(a) Subject to the terms and conditions of this Agreement and provided that there does not exist a Default or an Event of Default and in reliance upon Client's representations and warranties herein set forth and provided that there exists sufficient Letter of Credit Availability, Hana may issue guaranties ("Letter of Credit Guaranties") to banks (individually, a "Bank" and collectively, the "Banks") acceptable to Hana, in its sole and reasonable discretion, to induce such Banks to issue letters of credit ("Letter of Credit") for Client's account.

(b) The aggregate amount of Letter of Credit Guaranties outstanding at any time shall not exceed the Letter of Credit Limit.

(c) The Letter of Credit availability shall be reduced by the amount of the Letter of Credit Reserve. In no event shall any Letter of Credit Guaranty be issued to the extent that the issuance of such Letter of Credit Guaranty would cause the sum of the Letter of Credit Reserve (after giving effect to such issuance) plus the outstanding principal balance of the Revolving Loan, Term Loan, and Advances, plus the amount of the outstanding Factor/Supplier Reserve, to exceed the Maximum Obligations. At such time as Hana makes payment to a Bank on a Letter of Credit Guaranty on Client's behalf, all such payments shall be accounted for first as Advances to the extent of Advance Availability, then as Revolving Loans to the extent of Revolving Loan Availability, and shall bear interest as provided herein. Client shall be irrevocably and unconditionally obligated forthwith without presentment, demand, protest or other formalities of any kind, to reimburse Hana for any amounts paid by Hana pursuant to the terms of a Letter of Credit Guaranty including all fees, costs and expenses paid by Hana to any bank that issues Letters of Credit. Client hereby authorizes and directs Hana, at its option, to debit Client's account in the amount of any payment made by Hana pursuant to the terms of any Letter of Credit Guaranty.

(d) Each Letter of Credit Guaranty shall be subject to the following conditions: (i) Hana shall deliver a guaranty in form acceptable to Bank to cause a Letter of Credit to be issued only to the extent that sufficient Letter of Credit Availability exists under this Agreement; (ii) in addition to all other terms and conditions set forth in this Agreement, the issuance of any Letter of Credit shall be subject to the conditions precedent that the Letter of Credit which Client requests, be in such form, be for such amount, contain such terms and support such transactions as are reasonably satisfactory to Hana. The expiration date of each Letter of Credit shall be on a date, which is at least thirty (30) days prior to the Termination Date.

(e) Client shall give Hana at least three (3) business days prior notice specifying the date a Letter of Credit is to be issued, identifying the beneficiary and describing the nature of the transactions proposed to be supported thereby. The notice shall be accompanied by the form of the Letter of Credit being requested. No extensions, modifications, or amendments to the Letter of Credit, the payment of which Hana has guaranteed, shall be made without Hana's prior written consent, which consent shall not be unreasonably withheld. The Letter of Credit shall be drawn for valid purchases of merchandise and shall be issued for payment at sight. The execution hereof by Client shall be a continuing authorization and direction to Hana to pay any draft presented with respect to a Letter of Credit guaranteed by Hana to pay any draft presented with respect to a Letter of Credit guaranteed by Hana from any of Client's funds in Hana's hands or under Hana's control and such payment shall be considered made for Client's benefit and at Client's request.

(f) Client's obligation to reimburse Hana for payments made under any Letter of Credit shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances including the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit or any other agreement; (ii) the existence of any claim, set-off, defense or other right which Client, any of its Affiliates or Hana, on the one hand, may at any time have against any beneficiary or transferee of any Letter of Credit (or any persons for whom any such transferee may be acting), Hana or any other person, on the other hand, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between Client or any of its Affiliates and the beneficiary of the Letter of Credit); (iii) any draft, demand, certificate or any other document presented under any Letter of Credit, forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; (iv) payment under any Letter of Credit against presentation of a demand, draft or certificate or other document which does not comply with the terms of such Letter of Credit; provided that, in the case of any payment by Hana under any Letter of Credit, Hana has not acted with gross negligence or willful misconduct (as determined by a court of competent jurisdiction) in determining that the demand for payment under such Letter of Credit complies on its face with any applicable requirements for a demand for payment under such Letter of Credit; (v) any other

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circumstance or happening whatsoever, which is similar to any of the foregoing; or (vi) the fact that a Default or an Event of Default shall have occurred and be continuing.

(g) As between the parties hereto, Client assumes all risks of the acts and omissions of, or misuse of any Letter of Credit by the beneficiary thereof. In furtherance and not in limitation of the foregoing, Hana shall not be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights of benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to demand payment thereunder; provided that, in the case of any payment by Hana under any Letter of Credit, Hana has not acted with gross negligence or willful misconduct (as determined by a court of competent jurisdiction) in determining that the demand for payment under such Letter of Credit complies on its face with any applicable requirements for a demand for payment thereunder; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a payment under any Letter of Credit or of the proceeds thereof; (vii) for the credit of the proceeds of any drawing under any Letter of Credit; or (viii) for any consequences arising from causes beyond Hana's control. None of the above shall affect, impair, or prevent the vesting of any of Hana's rights or powers hereunder.

(h) In furtherance and extension of and not in limitation of, the specific provisions hereinabove set forth, any action taken or omitted by Hana under or in connection with any Letter of Credit if taken or omitted in good faith, shall not put Hana under any resulting liability to Client.

(i) Client shall comply with all of the terms and conditions imposed upon Client by each Bank, whether such terms and conditions are contained in the application for such Letter of Credit or any agreement with respect thereto.

(j) As compensation for the issuance of Letter of Credit Guaranties, Client shall pay to Hana the Letter of Credit Guaranty Fee upon the issuance of the Letter of Credit Guaranty, and, on demand, all charges imposed by the Bank upon Hana arising out of the Letter of Credit.

(k) In the event Client fails to pay to Hana, upon demand, the total amount of any Letter of Credit Guaranty incurred by Hana on Client's behalf in connection with any such Letter of Credit Guaranty, Hana shall have, in addition to its right under the Uniform commercial Code and under this Agreement, the same rights the Bank may have under any agreement relating to the issuance of the Letters of Credit supported by such Letter of Credit Guaranty, each such agreement being incorporated herein by reference, including, but without limitation, the right to dispose of any and all Letters of Credit, and any and all goods represented thereby, without further notice to Client, at public or private sale and in accordance with the provision hereof, for such price or prices and upon such terms and conditions as Hana deems proper, and to apply the net proceeds to Client's Obligations, as applicable, and Client hereby waives any requirement of law for notice, advertising, or other formalities in connection with any such sale or sales. Hana shall have the right to buy any such Letters of Credit or goods represented thereby at any such sale.

(l) Client hereby unconditionally agrees to indemnify Hana and hold Hana harmless from any and all losses, claims, or liabilities arising from any transactions or occurrences relating to any Letter of Credit Guaranties, and any drafts or acceptances in connection therewith, and all obligations incurred in connection therewith, including any such loss or claim due to any action taken or omitted by a Bank, provided; however, that the foregoing indemnity shall not apply to any losses, claims, liabilities or obligations solely from Hana's gross

negligence of willful misconduct. Client's unconditional obligations to Hana hereunder shall not be modified or diminished for any reason or in any manner whatsoever. Client agrees that any charges made to Hana for Client's account by a Bank shall be conclusive as between the parties hereto and may be charged to Client's account hereunder. Client hereby agrees that any action taken by Hana, if taken in good faith, or any action taken by any Bank, under or in connection with the Letter of Credit Guaranties, the drafts or acceptances in connection therewith, or the Collateral relating thereto, shall be binding on Client as to Hana and shall not impose any resulting liability on Hana.

3.3 The Factor/Supplier Guaranty facility shall be subject to the following terms and conditions: (a) subject to the terms and conditions of this Agreement and provided that there does not exist a Default or an Event of Default and in reliance upon Client's representations and warranties herein set forth and provided that there exists sufficient Factor/Supplier Availability, Hana may issue guaranties ("Factor/Supplier Guaranties") to factors and certain of Client's domestic and foreign suppliers; (b) the Factor/Supplier Guaranties shall be issued for valid purchases of merchandise. Client shall furnish Hana with the application for issuance of each Guaranty. Hana may issue a Factor/Supplier Guaranty in connection with each such application if such application, including the amount and all terms of the Factor/Supplier Guaranty to be issued, shall be acceptable to Hana, in its sole discretion and so long as each Factor/Supplier Guaranty has an expiry date which is at least thirty (30) days before the Termination Date; (c) the aggregate amount of Factor/Supplier Guaranties outstanding at any time shall not exceed the Factor/Supplier Limit; (d) no extensions, modifications or amendment to a Factor/Supplier Guaranty shall be made without Hana's prior written consent; (e) Hana's Factor/Supplier Guaranties shall in no way be construed to create any liability, obligation, warranty or representation on Hana's part with respect to any matter other than Client's payment at maturity of the invoices to which such Factor/Supplier Guaranties relate; and (f) Client shall, on demand, reimburse Hana for any and all sums paid by Hana in any way relating to the Factor/Supplier Guaranties and Client shall indemnify Hana and hold Hana harmless from and against any and all liability, loss, costs, fees and expenses, including reasonable attorneys' fees, that Hana may sustain or incur based upon, arising under, or in any way relating to the Factor/Supplier Guaranties provided; however, that the foregoing indemnity shall not apply to any liabilities, losses, costs, fees and expenses sustained or incurred by Hana solely from Hana's gross negligence of willful misconduct. Client's obligation to reimburse and indemnify Hana shall be conclusive but shall not prejudice any rights Client may have against any other person in the event that Client disputes liability of amounts owing under invoices subject to a Factor/Supplier Guaranty.

3.4 Hana may, in its sole discretion, approve credits for Client, in amounts determined from time to time by Hana, to enable Client to purchase goods or services from other factoring clients of Hana. There would be no charge for such credit approval to the extent that Client did not pay ledger debt when due. All indebtedness owing by Client for purchases from other factoring clients of Hana is hereafter referred to as "Ledger Debt". Hana would have the right to pay such amounts and to charge such payments to Client's account.

3.5 In no event shall the total amount of the Letter of Credit Reserve, the Factor/Supplier Reserve and Ledger Debt Reserve exceed the Maximum Amount. To the extent that, at any time, the foregoing limit is exceeded, Client shall pay on demand and all amounts necessary to reduce the aggregate outstanding Letter of Credit Reserve, Factor/Supplier Reserve and Ledger Debt Reserve to or below the Maximum Amount.

3.6 In no event shall the total amount of outstanding Advances, Loans, Letter of Credit Reserve, the Factor/Supplier Reserve, and Ledger Debt Reserve, and any other Obligations exceed the Credit Limit. To the extent that, at any time, the foregoing limit is exceeded, Client shall pay on demand and all amounts necessary to reduce the aggregate outstanding Obligations to or below the Credit Limit.

#### SECTION 4. Interest and Collection Clearance Charge

4.1 Client will pay Hana interest on the Daily Balance. Interest will be calculated daily at a rate equal to the sum of one and one quarter of a whole percent (1.25%) plus the Base Rate (the "Interest Rate") and will be

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paid by Client or charged to Client's account monthly at the end of each month. The Interest Rate will also be charged to Client on all other obligations, except those specifying a different rate, from the date incurred through the date paid. Any publicly announced decrease or increase in the Base Rate will result in an adjustment to the Interest Rate on the next business day, provided however the Base Rate will never be less than six whole percent (6.00%) per annum. After the occurrence of an Event of Default and for so long as such Event of Default continues, all the Obligations will, at Hana's option, bear interest at a rate per annum equal to five percent (5.0%) plus the Interest Rate. Interest will be calculated on the basis of a 360-day year for the actual number of days elapsed. In no event will the total amount of interest received by Hana exceed the maximum rate permitted by applicable law and in the event excess interest is determined by a court of competent jurisdiction to have been paid by Client to Hana, such excess interest will be applied as a credit against the outstanding Obligations and Client will not have any action against Hana for any damages arising out of the payment or collection of such excess interest.

4.2 If an Account or any payment is charged back to Client after the Collection Date or Approved Payment Date, as applicable, Client will pay Hana interest at the Interest Rate on the Net Amount of such Account or on such payment from such date to the charge back date.

4.3 To allow for collection clearance on all checks and other payments remitted by Client's customers, Client will, in addition to interest, pay Hana a collection clearance charge computed as follows: (a) total cash collections for the day, multiplied by (b) three (3) business days, multiplied by (c) the Interest Rate, divided by (d) 360 days.

#### **SECTION 5. Representations, Warranties and Covenants**

5.1 Client represents, warrants and covenants as to each Account that, at the time of its creation, the Account is a valid, bona fide account, representing an undisputed indebtedness incurred by the named customer for goods actually sold and delivered; there are no setoffs, offsets or counterclaims, genuine or otherwise, against the Account; the Account does not represent a sale to any of Client's subsidiaries, affiliates, directors, officers, agents, stockholders, or employees, or a consignment, guaranteed sale, or bill and hold transaction, or a cash on delivery sale; no agreement exists permitting any deduction or discount (other than the discount stated on the invoice); Client is the lawful owner of the Account and has the right to sell and assign the same to Hana; the Account is free of all security interests, liens and encumbrances (including tax liens) other than those in favor of Hana, and the Account is due and payable in accordance with its terms.

5.2 Client represents, warrants and covenants that there are no liens on any of the collateral security described in Section 8 of this Agreement as of the Effective Date of this Agreement, and if, at any time, there is any lien that is senior to Hana's lien on the collateral security, Client will take all actions necessary to subordinate the lien so that the lien is junior to Hana's lien on the collateral security.

5.3 Client will not grant or suffer to exist in favor of any party other than Hana any lien upon or security interest in Client's inventory.

5.4 Client will maintain or cause to be maintained in good repair, working order, and condition all material properties used in Client's business and will make or cause to be made all appropriate repairs, renewals, and replacements thereof. Client has and will maintain or cause to be maintained, with financially sound and reputable insurers, public liability, product liability, and property damage insurance with respect to Client's business and properties against loss or damage of the kinds customarily carried or maintained by corporations of established reputation engaged in similar businesses and in amounts reasonably acceptable to Hana, including business interruption insurance. At all times Client shall have and maintain insurance with respect to all Inventory, to the fullest extent of the insurable value thereof, against risks of fire, theft, sprinklers, and such other risks as Hana may require, in such form, for such periods, and written by such insurers as may be reasonably satisfactory to Hana, such insurance to bear endorsements, in form acceptable to Hana, naming Hana as additional

  
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insured and designating Hana as loss payee. Client shall deliver to Hana promptly as rendered true copies of all monthly reports made to insurance companies under any reporting forms of insurance policies. Client shall promptly deliver to Hana copies of all such policies. Except as to business record insurance, if Client fails to maintain such insurance, Hana may, but need not, obtain the same and charge the cost thereof to Client's Factoring Agreement. The proceeds of any such insurance shall be applied in reduction of Client's Revolving Loans.

5.5 Client is a solvent corporation; duly incorporated and in good standing under the laws of the State of California and qualified in all States where such qualification is required; the execution, delivery and performance of this Agreement have been duly authorized and are not in contravention of any applicable law, Client's corporate charter or by-laws or any agreement or order by which Client is bound; Client is not, to the best of Client's knowledge, in violation of any law, ordinance, rule, regulation, order or other requirement of any government or any instrumentality or agency thereof.

5.6 Client will not change Client's corporate name or the location of Client's office or open any new offices without giving Hana at least thirty (30) days prior Written Notice. At the present time, Client carries on business only at the above address and at the addresses set forth below: **None.**

5.7 All books and records pertaining to the Accounts or to any inventory owned by Client will be maintained solely and exclusively at the above address or the addresses listed in Section 5.5 hereof and no such books and records will be moved or transferred without giving Hana thirty (30) days prior Written Notice.

5.8 After Hana's request, Client will hold all returned, replevined or reclaimed goods relating to Accounts coming into Client's possession in trust for Hana and all such goods will be segregated and identified as held in trust for Hana's benefit and Client will, at Hana's request, and at Client's expense, deliver such goods to such place or places as Hana may designate.

5.9 The trade names or styles set forth below are the only trade names or styles under which Client transacts business or has transacted business during the last five (5) years; Accounts sold to Hana hereunder and represented by invoices bearing such trade names or styles are wholly owned by Client; the undertakings, representations and warranties made in connection therewith will be identical to and of the same force and effect as those made with respect to invoices bearing Client's corporate name; Client's use of any trade names or styles is in compliance with all laws regarding the use of such trade names or styles. Client will give Hana thirty (30) days prior Written Notice of the change of any trade name or style or Client's use of any new trade name or style: **Jessica Lauren.**

Client hereby assigns, transfers, and conveys to Hana, effective upon the occurrence of any Event of Default hereunder, the non-exclusive right and license to use all trade names and trade styles owned or used by Client together with any goodwill associated therewith, all to the extent necessary to enable Hana to realize on any assets of Client in which Client has granted Hana a security interest. Such right and license is granted free of charge without requirement that any monetary payment whatsoever be made to Client or third party by Hana.

5.10 Client may, in the ordinary course of business and in good faith, issue, grant or allow discounts, credits and allowances on Accounts to customers and accept returns until: (a) there exists a Default or an Event of Default or (b) Hana notifies Client to the contrary by Written Notice or Transmission. Such discount, credit or allowance once issued may be claimed only by the customer. Client will promptly issue and assign to Hana all full invoice credit memos and promptly notify Hana of any other credit memos. Failure to promptly notify Hana of any discounts, credits, and allowances or other adjustment on a customers account may result in Hana's disallowance of any such credit given.

5.11 To the best of Client's knowledge, (a) there are no judgments outstanding against or affecting Client, its

officers, directors or affiliates or any of Client's property, (b) there are no actions, charges, claims, demands, suits, proceedings, or governmental investigations now pending or threatened against Client or any of Client's property, and (c) none of Client's inventory has been produced in violation of the Fair Labor Standards Act or any similar law, nor imported in violation of any United States customs regulation.

5.12 Client agrees that no provision in this Agreement and no course of dealing between the parties shall be deemed to create any fiduciary duty by Hana to Client. Client agrees that neither Hana nor any of Hana's affiliates, officers, directors, shareholders, employees, attorneys, or agents shall have any liability with respect to, and Client hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by Client in connection with, arising out of, or in any way related to this Agreement of any of the transactions contemplated by this Agreement. Client hereby waives, releases, and agrees not to sue Hana or any of Hana's affiliates, officers, directors, shareholders, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to this Agreement or any of the transactions contemplated by this Agreement.

#### **SECTION 6. Disputes, Chargebacks and Reserves**

6.1 With respect to any Account, upon the occurrence of a breach of any of the representations or warranties contained in Section 5.1, or upon the assertion by a customer of a Dispute, such Account may, at Hana's option, be charged back to Client.

6.2 Client will notify Hana immediately, by Written Notice, in the event that a customer alleges any Dispute, or returns or desires to return any goods purchased from Client relating to an Account. After an Event of Default, Hana may but is not obligated to settle, compromise, adjust or litigate all such Disputes or returns upon such terms, as Hana deems advisable. If an unadjusted Dispute delays the payment of any Approved Account when due, Hana will have the right to charge back to Client that Account.

6.3 Client will supply customers, in the format required by customers, with all forms, documents, certificates, etc. that customer requires to process the Account for payment. If Hana notifies Client verbally and/or by Written Notice that a customer which only accepts invoices for payment from Client through Transmission is requesting that Client review its invoice data for correctness and re-transmit invoices by Transmission and if after thirty (30) days from the date of such Notice such invoices remain unposted to such customer's records, Hana will place the Accounts evidenced by such invoices in Dispute.

6.4 Hana may at any time charge back to Client's account the amount of: (a) any Approved Account which is not paid in full when due for any reason other than Credit Risk; (b) any Approved Account which is not paid in full when due because of an act of God, civil strife, or war; (c) anticipation (interest) deducted by a customer on any Account; (d) customer claims; (e) any Non-Approved Account which is not paid in full when due and are 60 or more days past due; and (f) any Account for which there is a breach of any representation or warranty. A charge back does not constitute a reassignment of an Account. Hana shall immediately charge any deduction taken by a customer to Client's account.

6.5 Client will pay Hana, or Hana may charge Client's account with, the amount of any payment which Hana receives with respect to a Non-Approved Account or Takeover Account if such payment is subsequently disgorged by Hana, whether as a result of any proceeding in bankruptcy or otherwise.

6.6 Client shall purchase promptly all Accounts charged back by Hana, provided, however, that until payment by Client to Hana of all monies due with respect to such charged back account, title shall pass to Client subject, however, to Hana's security interest therein. Client agrees to indemnify and save Hana harmless from and against any and all loss, costs and expenses caused by or arising out of disputed Accounts, including, but not limited to, collection expenses and attorney's fees incurred with respect thereto.

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6.7 Hana may maintain such reserves as Hana, in Hana's sole discretion, deems advisable as security for the payment and performance of the Obligations, including, without limitation, (i) reserves for the amount of any Account which is subject to a Dispute, (ii) reserves for the amount of any Approved Accounts from any single customer that is greater than fifty percent (50%) of all Accounts or one million dollars (\$1,000,000.00), whichever is less, (iii) reserves for the amount of any Non-Approved Accounts from any single customer that is greater than one hundred thousand dollars (\$100,000.00) of all Accounts, (iv) reserves for the amount of any Non-Approved Account that is thirty (30) or more days past due, and (v) reserves for the amount of all Non-Approved Accounts from any single customer if thirty percent (30%) or more of such customer's outstanding Accounts are ninety (90) or more days past due.

## SECTION 7. Administration

7.1 Client will, from time to time, (i) execute and deliver to Hana confirmatory schedules of Accounts assigned to Hana (each an Assignment Schedule), together with one copy of each invoice, acceptable evidence of shipment and such other documentation and proofs of delivery as Hana may require or (ii) transmit to Hana by Transmission information concerning Accounts in a format acceptable to Hana and, upon Hana's request, deliver to Hana copies of invoices, acceptable evidence of shipment and such other documentation and proofs of delivery as Hana may require relating to Accounts so transmitted. Client will not deliver Assignment Schedules in connection with Transmissions, but Client acknowledges and agrees that every invoice transmitted to Hana by Transmission will be deemed to have been sent pursuant to the terms and conditions of an Assignment Schedule. Each invoice relating to an Account and all copies thereof will bear a notice, in form satisfactory to Hana, that the Account has been sold and assigned to and is payable only to Hana. Client agrees that Client will not change such notice on invoices and will not direct its customers to pay Client or any third party amounts due under invoices. Client agrees to prepare and mail all invoices relating to Accounts, but Hana may do so at Hana's option. Client agrees to execute and deliver to Hana such further instruments of assignment, financing statements and instruments of further assurance as Hana may reasonably require. Client authorizes Hana to execute on Client's behalf and file such UCC financing statements, as Hana may deem necessary in order to perfect and maintain the security interests granted by Client in accordance with this Agreement. Client further agrees that Hana may file this Agreement or a copy thereof as such UCC financing statement.

7.2 Notwithstanding that Client has agreed to pay the Misdirected Payment Fee pursuant hereto, if any remittances are made directly to Client, Client's employees or agents, Client will act as trustee of an express trust for Hana's benefit, hold the same as Hana's property and deliver the same to Hana forthwith in kind. Hana and/or such designee as Hana may from time to time appoint are hereby appointed Client's attorney-in-fact to endorse Client's name on any and all checks or other forms of remittances received by Hana where such endorsement is required to effect collection and to transmit notices to customers, in Client's or Hana's name, that amounts owing by them have been assigned and are payable directly to Hana; this power, being coupled with an interest, is irrevocable.

7.3 Client shall permit Hana and any authorized representatives designated by Hana to visit and inspect any of the properties of Client, including its financial and accounting records, and to make copies and take extracts therefrom, and to discuss its affairs, finances, and business with its officers at such times during normal business hours and as often as Hana requests. Hana may, at any time after the occurrence of an Event of Default, remove from Client's premises all such records, files and books relating to Accounts.

7.4 If Hana determines that the credit standing of a customer has deteriorated after Hana has assumed the Credit Risk on an Account, Client will, at Hana's request, exercise such rights as Client may have to reclaim or stop the goods in transit, and Client hereby grants to Hana the right to take such steps in Client's or Hana's name.

7.5 Hana will render a monthly statement of account to Client within twenty (20) days after the end of each

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month. Such statement of account will constitute an account stated unless Client makes written objection thereto by Written Notice within thirty (30) days from the date such statement is rendered to Client.

7.6 Client will maintain a system of accounting established and administered in accordance with sound business practice to permit preparation of financial statements in conformity with GAAP. Client will promptly furnish Hana with such statements prepared by or for Client showing Client's financial condition and the results of Client's operations as Hana may request verbally or by Written Notice; provided, however, that if the request is made verbally, such request shall be promptly confirmed in writing. Client will deliver to Hana the financial statements and other reports described below:

(i) Year-End Financials: As soon as available and in any event within seventy-five (75) days after the end of each of Client's fiscal year Client will deliver the balance sheet of Client as of the end of such period and the statements of income, stockholders' equity cash flows such Fiscal Year and such financial statements shall have been reviewed by a firm of independent certified public accountants selected by Client and reasonably acceptable to Hana. For the purposes of this Section and the Section below, based upon the information currently available to Hana, the accountancy firm of \_\_\_\_\_, shall be acceptable to Hana. If after the Effective Date Hana discovers information that causes Hana to determine, in its sole and reasonable discretion, that such firm is no longer acceptable to Hana, than Client shall be required to retain the services on new accountants reasonably acceptable to Hana.

(ii) Access to Accountants. Client authorizes Hana to communicate directly with Client's independent certified public accountants and authorizes such accountants to discuss Client's financial condition and financial statements directly with Hana.

7.7 Client authorizes Hana to disclose such information, as Hana deems appropriate to persons making credit inquiries about Client.

## SECTION 8. Collateral Security

As collateral security for all Obligations, Client hereby assigns and grants to Hana a continuing security interest in all of the following property, whether now owned by Client or hereafter acquired by Client or arising in Client's favor: (i) Accounts; (ii) general intangibles including payment intangibles; (iii) monies, securities and other property now or hereafter held or received by, or in transit to Hana from or for Client, whether for safekeeping, pledge, custody, transmission, collection or otherwise, and all of Client's deposits and credit balances in Hana's possession; (iv) books, records and other property at any time evidencing or relating to any of the foregoing property; (v) all inventory, machinery, equipment, furniture and fixtures and; (vi) proceeds of any of the foregoing property including, without limitation, the proceeds of any insurance policies covering any of the foregoing property and deposit accounts. Recourse to the collateral security herein provided will not be required, and Client will at all times remain liable for the payment and performance of the Obligations upon demand by Hana.

Client hereby grants to Hana a fully paid-up non-exclusive license (the "License") to use all of the trademarks and trade names owned by Client in connection with any sales of inventory by Hana made pursuant to the terms of this Agreement. The grant of the License shall be irrevocable, but shall terminate concurrently with the repayment in full by Client of all Obligations and the termination of this Agreement pursuant to Section 9 of this Agreement. Client agrees to use its best efforts to obtain the consent of its licensors, if any, to permit Hana to sell inventory otherwise subject to a license in the manner and to the extent permitted to Client under the applicable license agreement.

## SECTION 9. Events of Default

The occurrence of any of the following acts or events will constitute an Event of Default: (a) if Client fails to

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make payment of any of the Obligations when due; (b) if Client fails to make any remittance required by this Agreement; (c) if Client commits any breach of any of the terms, representations, warranties, covenants, conditions or provisions of this Agreement, or of any present or future supplement or amendment hereto or of any other agreement between Hana and Client; (d) if Client becomes insolvent or unable to meet Client's debts as they mature; (e) if Client fails to pay when due any material obligations or liabilities owing by Client to any person or entity (including without limitation, any United States and state taxes); (f) if Client delivers to Hana a false financial statement or if any representation, warranty, certification, or other statement made by Client to Hana is false in any material respect when made; (g) if Client calls, or has called by a third party, a meeting of creditors; (h) if any bankruptcy proceeding, insolvency arrangement or similar proceeding is commenced by or against Client; (i) if Client suspends or discontinues doing business for any reason; (j) if a receiver or trustee of any kind is appointed for Client or any of Client's property; (k) if any guarantor of Client's Obligations dies or becomes insolvent or has commenced by or against such guarantor any bankruptcy proceeding, insolvency arrangement or similar proceeding; (l) if any guaranty of Client's Obligations is terminated or any guarantor alleges that the guaranty is unenforceable, or if there is a default under any such guaranty; (m) if there shall be a change in the beneficial ownership and control, directly or indirectly of the majority of the outstanding voting securities or other interests entitled (without regard to the occurrence of any contingency) to elect or appoint members of the board of directors or other managing body of Client; or (n) if a notice of lien, money judgment, levy, assessment, seizure or writ, or warrant of attachment is entered or filed against Client or with respect to the Accounts or any other collateral in which Client has granted Hana a security interest; or (o) if Client sells, leases, transfers or otherwise disposes of all or substantially all of Client's property or assets, or consolidates with or merges into or with any corporation or entity.

Upon the occurrence and during the continuance of an Event of Default, Hana will have the right to terminate this Agreement and all other arrangements existing between Hana forthwith and without notice, and the Obligations will mature and become immediately due and payable and Hana will have the right to withhold any further payments to Client until all Obligations have been paid in full. In addition Hana will have all of the rights of a secured party under the Uniform Commercial Code, including, without limitation, the right to take possession of any collateral in which Hana has a security interest and to dispose of same at public or private sale and Client will be liable for any deficiency. Hana will not be required to proceed against any collateral but may proceed against Client directly.

If either party to this Agreement shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorney fees incurred in bring such suit and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorney fees and costs incurred in enforcing such judgment. For the purpose of this section, attorney fees shall include, without limitation, fees incurred in the following: (1) postjudgment motions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examination; (4) discovery; and (5) bankruptcy litigation.

#### **SECTION 10. Term and Termination**

10.1 This Agreement will continue in full force and effect for **one (1)** year from the Effective Date and shall renew for one (1) year terms thereafter unless either party hereto gives the other party not less than sixty (60) days prior Written Notice prior to the end of the initial or any renewal term of their intention to terminate this Agreement as of the end of such term.

10.2 In the event that this Agreement is terminated by Client prior to an Anniversary Date, Hana shall be entitled to the unpaid portion of the Minimum Annual Commission, if any, for such Period, as provided in section 2.4 above, as of the effective date of termination. Except as otherwise provided, Hana may terminate this

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Agreement at any time by giving Client at least sixty (60) days prior written notice of termination. However, Hana may terminate this Agreement immediately, without prior notice to Client, upon the occurrence of an Event of Default (defined in section 9 above).

10.3 Upon termination, Client shall cause Hana to be released from all liability under the outstanding Letters of Credit and factor/Supplier Guaranties, or, at Hana's option, Client will deposit cash collateral with Hana in an amount equal to one hundred five percent (105%) of the Letter of Credit Liability and Factor/Supplier Liability that will remain outstanding after repayment.

10.4 Notice of termination shall be given by messenger, registered or certified mail, facsimile or commercial delivery service; provided, however, that Client will not terminate this Agreement so long as Client is indebted or obligated to Hana in connection with any other agreements between Hana and Client. Notwithstanding any such Written Notice of termination, all of Hana's rights, liens and security interests hereinabove granted to Hana (including Accounts arising, acquired or created after the date of termination of this Agreement) will continue and remain in full force and effect after any termination of this Agreement and pending a final accounting, Hana may withhold any balances in Client's account unless Hana is supplied with an indemnity satisfactory to Hana to cover all Obligations. Client agrees to continue to assign accounts receivable to Hana and to remit to Hana all collections on accounts receivable, until all Obligations have been paid in full or Hana has been supplied with an indemnity satisfactory to Hana to cover all Obligations. All of the representations, warranties and indemnities and covenants made by Client herein will survive the termination of this Agreement.

10.5 If Client shall terminate during the term of this Agreement, Client shall pay to Hana, in addition to all other Obligations, a termination fee (the "Termination Fee") equal to One Percent (1.0%) of Credit Limit.

#### **SECTION 11. Modifications, Waivers and Miscellaneous Provisions**

This Agreement may not be changed or terminated orally; it constitutes the entire agreement between Client and Hana and will be binding upon Client's and Hana's respective successors and assigns, but may not be assigned by Client without Hana's prior written consent. No delay or failure on Hana's part in exercising any right, privilege, or option hereunder will operate as a waiver thereof or of any other right, privilege or option. No waiver whatsoever will be valid unless in a Written Notice, signed by Hana, and then only to the extent therein set forth. If any term or provision of this Agreement is held invalid under any statute, rule or regulation of any jurisdiction competent to make such a decision, the remaining terms and provisions will not be affected, but will remain in full force and effect.

Any Written Notice to be given under this Agreement will be in writing addressed to the respective party as set forth in the heading to this Agreement and will be personally served, telecopied or sent by overnight courier service or United States mail and will be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 4:00 p.m. (Los Angeles time) or, if not, on the next succeeding Business Day; (c) if delivered by overnight courier, two (2) days after delivery to such courier properly addressed; or (d) if by U.S. Mail, four (4) Business Days after depositing in the United States mail, with postage prepaid and properly addressed.

Hana conducts business under California commercial finance lender license number 6032324.

#### **SECTION 12. Governing Law, Venue and Waiver of Jury**

APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA OR ANY OTHER JURISDICTION IN WHICH THE COLLATERAL SECURITY IS LOCATED, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

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CONSENT TO JURISDICTION. CLIENT HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA OR ANY OTHER JURISDICTION IN WHICH THE COLLATERAL SECURITY IS LOCATED AND IRREVOCABLY AGREES THAT, SUBJECT TO HANA'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS. CLIENT EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. CLIENT HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON CLIENT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO CLIENT, AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

WAIVER OF JURY TRIAL. CLIENT AND HANA HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. CLIENT AND HANA ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. CLIENT AND HANA WARRANT AND REPRESENT THAT EACH AS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

### SECTION 13. Definitions

"Accounts" -- All presently existing or outstanding and all hereafter created or acquired accounts (as that term is defined in the UCC), contract rights, documents, notes, drafts and other forms of obligations owed to or owned by Client arising or resulting from the sale of goods or the rendering of services by Client, all general intangible relating thereto, all proceeds thereof, all guaranties and security therefore, and all goods and rights represented thereby or arising therefrom, including, but not limited to, returned, reclaimed and repossessed goods, and the rights of stoppage in transit, replevin and reclamation.

"Affiliate" -- Any person (other than Hana): (a) directly or indirectly controlling, controlled by, or under common control with Client; (b) directly or indirectly owning or holding five percent (5%) or more of any equity interest in Client; and (c) five percent (5%) or more of whose voting stock or other equity interest is directly or indirectly owned or held by Client. For the purposes of this definition, "control" (including with the correlative meanings, the terms "controlling", "controlled by", and "under common control with") means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a person, whether through the ownership or voting securities or by contract or otherwise.

"Anniversary Date" -- twelve months after the Effective Date and each anniversary thereof.

"Approved Account" -- An Account representing a sale to a customer within the credit line established for such customer on Client's normal selling terms or within the single order credit approval given by Hana for orders from such customer provided that Delivery is completed while the credit line or single order credit approval remains in effect and which has not been charged back to Client.

"Approved Payment Date" -- The date which is one hundred twenty (120) days after the due

date for payment of an Approved Account.

“Base Rate” -- The highest prime rate publicly announced from time to time by Wall Street Journal as its prime or base rate or equivalent rate.

“Business Day” -- Any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of California or is a day on which banking institutions located in such State are closed.

“Collected Amount” -- The amount received by Hana from a customer in payment of an Account up to the Net Amount of such Account.

“Collection Date” -- The date on which Hana receives payment of an Account.

“Contract Year” -- The twelve-month period immediately following the Effective Date and each anniversary thereof.

“Costs” -- All costs, fees and expenses (including audit fees, attorney’s fees and the allocated costs of internal counsel) incurred by Hana in connection with (i) the creation, negotiation or administration of this Agreement, any related instrument, document or agreement, or any waiver, forbearance, amendment or modification thereof (ii) the perfection, protection, preservation or enforcement of Hana’s rights in any collateral in which Hana has been granted a security interest and (iii) all filing fees, filing taxes or search reports.

“Credit Balance” -- The amount determined by subtracting the Daily Balance from the amount of all Accounts.

“Credit Risk” -- The risk that a customer will be financially unable to pay an Account at maturity, provided that the merchandise has been received or services rendered and accepted by the customer without Dispute.

“Daily Balance” -- The outstanding balance of all advances made by Hana to Client or for Client’s account in accordance with Sections 2 and 3 hereof less all amounts credited to Client’s account in accordance with subsection 2.2 hereof.

“Default” -- A condition or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

“Delivery” -- The delivery of goods or performance of services in accordance with the terms agreed to in writing between Client and a customer, provided that if no such terms are specified in writing, delivery shall mean delivery of goods or performance of services at the customer’s place of business.

“Dilution” -- The amount determined by the following formula: (i) the total amount of all non-cash reductions to Accounts, including but not limited to chargebacks, discounts and returns, during the calendar month then ending; divided by (ii) the total amount of (a) all Accounts which have their Payment Date during such calendar month, plus, (b) the total amount of all chargebacks and returns during such calendar month.

“Dilution Percentage” -- The amount determined by multiplying the historical Dilution, expressed as a percentage of all Accounts, by the current outstanding Accounts.

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- "Dispute" -- A dispute or claim, bona fide or otherwise, as to price, terms, quantity, quality, delivery, or any cause or defense to payment of an Account whatsoever other than financial inability of a customer to pay the Account.
- "Effective Date" -- The date set forth below Hana's signature hereto.
- "Eligible Credit Balance" -- The Credit Balance less the Dilution percentage of all outstanding Accounts, which shall not exceed **five hundred thousand dollars (\$500,000.00)** under any circumstance.
- "Factor/Supplier Availability" -- The sum of Eligible Credit Balance less the sum of all Factor/Supplier Guaranties outstanding and Ledger Debt outstanding, but in no event in excess of the Credit Limit.
- "Factor/Supplier Guaranty Fee" -- the greater of: (i) one hundred dollars (\$100.00) or, (ii) one whole percent (1.00%) of the original face amount of a Factor/Supplier Guaranty. On Factor/Supplier Guaranties bearing payment terms in excess of thirty (30) days, the Factor/Supplier Guaranty Fee will be increased by one whole percent (1.00%) for each thirty (30) days or part thereof that the stated terms exceed thirty (30) days.
- "Foreign Sales" -- Sales to customers located outside of the United States and its Territories. U.S. Territories include Puerto Rico, Bahamas, Guam and U.S. Virgin Islands.
- "GAAP" -- Generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Boards of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board that are applicable to the circumstances as of the date of determination.
- "Hana Clients" -- Any persons, corporations, partnerships, companies, associations or entitles (other than Client) which have entered into factoring, inter-credit or financing agreements with Hana.
- "Ledger Debt" -- Indebtedness owing by Client to Hana as a result of Hana's purchases of invoices evidencing sales to Client by Hana Clients.
- "Ledger Debt Availability" -- The sum of Eligible Credit Balance less the sum of all Factor/Supplier Guaranties outstanding, Ledger Debt outstanding and approved Ledger Debt backlog, but in no event in excess of the Credit Limit **five hundred thousand dollars (\$500,000.00)**.
- "Letter of Credit" -- The meaning ascribed to that term in Section 3.1 hereof.
- "Letter of Credit Availability" -- The sum of the Letter of Credit Guarantee Limit less the Letter of Credit Reserve, but in no event in excess of the Letter of Credit Limit
- "Letter of Credit Guarantee" -- The meaning ascribed to that term in section 3.1 hereof.
- "Letter of Credit Guarantee Fee" -- an amount equal to Hana's customarily charges, as set forth in Hana's Standard Fee Schedule, a copy of which will be provided to Client on demand.
- "Letter of Credit Liability" -- The reimbursement and other liabilities of Client with respect to each Letter of Credit, whether contingent or otherwise, including (a) the amount available to be drawn or which may become available to be drawn; (b) all amounts which have been paid or made available by the issuing bank

  
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to the extent not reimbursed; and (c) all unpaid interest, fees, and expenses.

“Letter of Credit Guarantee Limit” -- Means five hundred thousand dollars (\$500,000.00).

“Letter of Credit Reserve” -- At any time, an amount equal to (a) on hundred percent (100%) of the aggregate amount of Letter of Credit Liability with respect to all Letters of Credit outstanding at such time, plus (b) on hundred percent (100%) of the aggregate amount of outstanding acceptances issued in conjunction with Letters of Credit, plus (c) the aggregate amount therefore paid by Hana under Letters of Credit and not charges to Client’s account, otherwise reimbursed by Client.

“Loan Documents” -- Collectively means this Agreement, the Revolving Note, the Guarantees, and all other instruments, documents and agreements executed by or on behalf of Client and/or Guarantors and delivered concurrently herewith or at any time hereafter to Hana in connection with the Advances, Letter of Credit Guaranties, Factor/Supplier Guaranties, and other transactions contemplated by this Agreement, all as amended, restated, supplanted, or modified from time to time.

“Loans” -- cash advances made by Hana to or on behalf of Client hereunder.

“Misdirected Payment Fee” -- Fifteen percent (15.00%) of the face amount of a purchased Account on which payment has been received by Client and not delivered in kind to Hana within two (2) business days following the date of receipt by Client.

“Net Amount” -- The gross amount of an Account less the discount offered by Client and taken by Hana at the time Hana purchases such Account.

“Non-Approved Account” -- (a) An Account with respect to which Hana has not issued a credit approval or has subsequently withdrawn a credit approval or (b) an Approved Account that has been charged back to Client.

“Obligations” -- All loans, advances, debts, liabilities, obligations, covenants and duties owing by Client to Hana, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including, without limitations, Ledger Debt and indebtedness arising under any guaranty made by Client for Hana’s benefit or issued by Hana on Client’s behalf.

“Overadvance Fee” -- An amount, as determined by Hana from time to time, on Advances made in excess of amounts available as set forth in Section 2.1 and 2.7.

“Purchase Price” -- An amount equal to the Net Amount of an Account, less factoring commissions, credits (including, without limitation, merchandise returns and credit memos), charge backs, allowances, and all other charges provided thereunder.

“Surcharge Amount” -- An amount, as determined by Hana from time to time, on Approved Accounts arising from Foreign Sales or high risk customers and evidenced by the accepted Notice of the Surcharge Amount agreement.

“Takeover Account” -- An Account created or existing prior to the Effective Date.

“Transmission” -- Transmission through Hana’s proprietary system or through Electronic Data Exchange (“EDE”)

“UCC” -- The Uniform Commercial Code as in effect on the date hereof in

  
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the States of California, as amended from time to time, and any successor statute.

"Written Notice" -- Notice given in writing in accordance with Section 10 of this Agreement.

In Witness Whereof, the undersigned have caused this agreement to be executed and delivered by their thereunto duly authorized officers as of the Effective Date.

HANA FINANCIAL, INC.,  
a California corporation

IT JEANS, INC.  
~~DBA JESSICA LAUREN~~ *LS*  
a California corporation

*Joanne Park*  
\_\_\_\_\_  
Joanne Park  
Vice President

*Kimmy Song*  
\_\_\_\_\_  
Kimmy Song  
Chief Executive Officer

Effective Date: August 1, 2007

.....  
**GUARANTOR'S CONSENT**

By executing this Agreement below, Guarantor acknowledges that he/she has had an opportunity to fully participate in the negotiations relevant to this Agreement, to consult with counsel of his/her own choosing and hereby consents to all of the provisions of this Agreement. Guarantor further reaffirms his/her Guaranty of the obligations of Client owed to Hana, as more specifically set forth in the Guaranty, and further acknowledges that pursuant to the terms of the Guaranty, Guarantor guarantees all of the obligations owed under this Agreement to Hana.

Dated: \_\_\_\_\_

*Kimmy Song*  
\_\_\_\_\_  
Kimmy Song

Dated: \_\_\_\_\_

*Jean Ro*  
\_\_\_\_\_  
Jean Ro

*LS*  
*LS*  
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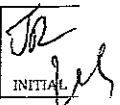
.....  
STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

On \_\_\_\_\_ before me, \_\_\_\_\_, personally  
appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the  
person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they  
executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument  
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of \_\_\_\_\_ that the  
forgoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_  
Notary Public in and for said County and State

  
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# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Los Angeles

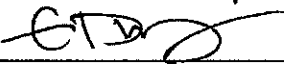
On February 26, 2009 before me, Edward Min, Notary Public  
(Here insert name and title of the officer)

personally appeared Jean Ro

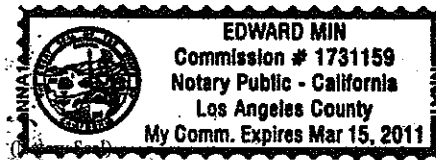
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature of Notary Public



## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

(Additional information)

### INSTRUCTIONS FOR COMPLETING THIS FORM

*Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are ) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer

(Title)

- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other \_\_\_\_\_

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Los Angeles

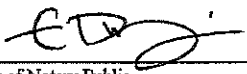
On February 26, 2009 before me, Edward Min, Notary Public  
(Here insert name and title of the officer)

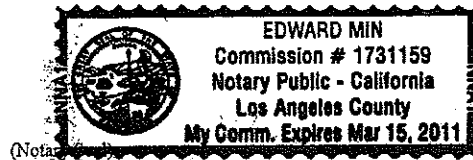
personally appeared Kimmy M. Song

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

  
Signature of Notary Public



## ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

\_\_\_\_\_  
(Title or description of attached document)

\_\_\_\_\_  
(Title or description of attached document continued)

Number of Pages \_\_\_\_\_ Document Date \_\_\_\_\_

\_\_\_\_\_  
(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)  
 Corporate Officer

\_\_\_\_\_  
(Title)

Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

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- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
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- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they-, is /are ) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
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  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

EXHIBIT E

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made and entered into as of this 1<sup>st</sup> day of January, 2012, by and between HANA FINANCIAL, INC., a California corporation, having an address at 1000 Wilshire Blvd., 20<sup>th</sup> Floor, Los Angeles, CA 90017 ("Secured Party" or "Hana") and IT Institution, Inc. a California corporation, whose address is 5251 S. Santa Fe Avenue, Vernon, CA 90058 ("Guarantor" or the "Debtor").

### RECITALS

A. Pursuant to terms of that certain Amended & Restated Factoring, Loan & Security Agreement #2 executed by and between It Jeans, Inc. ("Client") and the Secured Party dated August 1, 2007, as amended, modified and supplemented from time to time ("Factoring Agreement"), Secured Party provides factoring and other financial accommodations to Client; and,

B. Pursuant to terms of that certain Continuing Guarantee by Corporation dated November 24, 2010, Guarantor has agreed to guarantee the Client's indebtedness and obligations due and owing to the Secured Party under the terms of the Factoring Agreement ("IT Institution Guarantee"); and,

C. Client and the Guarantor are affiliated companies given that both companies are owned by common principals; and,

D. Pursuant to the Client's request to restructure the existing factoring and other financial accommodations by Hana under the terms of the Factoring Agreement, Secured Party has agreed to restructure the existing financing arrangement with the Client on the condition that an additional security in the Client's personal property including but not limited to the Trademark Collateral, as the terms is defined herein below, is pledged by the Guarantor to secure the Client's obligations pursuant to the terms of the Factoring Agreement.

To secure the obligations due under the Factoring Agreement and the IT Institution Guarantee, Guarantor has agreed to grant to Secured Party a security interest in all of its personal property assets as set forth hereinbelow.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor and the Secured Party, intending to be bound legally, hereby agree as follows:

**1. Security Interest.** (a) To secure payment and performance of the Obligations (as defined in 2(d) set forth hereinbelow), Guarantor hereby pledges, assigns, transfers and grants to Secured Party a continuing security interest in all of Guarantor's personal property assets, whether now owned or hereafter acquired by the Guarantor or arising in Guarantor's favor, including without limitation: (i) accounts (including health care insurance receivables); (ii) general intangibles (including payment intangibles) including all of the Guarantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired: all of its trademarks (collectively "Trademarks"), including those referred to on Schedule I hereto, under the applicable federal law, the registrability of such applications or the validity or enforceability of registrations issuing from such

applications; all extensions and renewals of the foregoing; all goodwill connected with the use of, and symbolized by, each such Trademark; all rights of any kind whatsoever of the Guarantor accruing under any of the foregoing provided by applicable law of any jurisdiction, by international treaties and conventions and otherwise throughout the world; and, any and all royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; (collectively, the "Trademark Collateral"); and; (iii) monies, securities, chattel paper (whether tangible or electronic), contract right, instruments (including the promissory note), documents, deposit accounts, drafts, letter of credit rights (whether or not evidenced by a writing), securities and all other investment property, supporting obligations and commercial tort claims; (iv) books, records and other property at any time evidencing or relating to any of the foregoing property; (v) all inventory, machinery, equipment, furniture and fixtures, and; (vi) proceeds of any of the foregoing property including, without limitation, the proceeds of any insurance policies covering any of the foregoing property and deposit accounts. The Guarantor authorizes Hana to execute and file such UCC financing statements or any other security filing necessary to perfect Hana's first position security interest to the collateral described in this paragraph, including without limitation, recording the Trademark Collateral with the United States Patent and Trademark Office ("USPTO"), as Hana may deem necessary in order to perfect and maintain the first position security interest granted by the Guarantor in accordance with this Guarantee (all collateral granted by Guarantor to Hana in this paragraph shall be defined herein as "Hana's Collateral"). In accordance with the foregoing, the Guarantor shall execute a separate written assignment whereby the Guarantor shall assign all of its right, title and interest in the Trademarks to the Secured Party to secure the Obligations, a copy of which shall be attached herewith as an "Attachment-B". The assignment shall be held by the Secured Party for purposes of securing the Obligations of the Client and the Guarantor.

Upon and during the continuance of (A) an Event of Default (as defined in the Factoring Agreement) by and between Hana and the Client, or (B) upon the event of default pursuant to the terms of the Guarantee, or (C) upon such time when a demand is made to the Guarantor pursuant to the terms of the Guarantee, Secured Party, without further notice to the Guarantor, shall have the right to dispose of, liquidate or set off against Hana Collateral or otherwise deal with the Hana Collateral in any manner in its sole discretion in order to recover: i) the amount equal the Client's and Guarantor's Obligations due at any time and (ii) any costs and legal expenses related to recovering such amount from the Guarantor. The Guarantor acknowledges that the Guarantor authorizes the Secured Party to execute and file UCC financing statements or any other security filings necessary to perfect Secured Party's security rights to the Hana Collateral, including without limitation, recording the Trademark Collateral with the USPTO, as Secured Party may deem necessary, in order to perfect and maintain the security interest granted by the Debtor in the Hana Collateral.

The priority of Hana's security interest is more fully identified in Subparagraph 3 (c) below.

(b) Guarantor expressly acknowledges that the security interest granted hereunder in Hana Collateral shall remain as security for payment and performance of any and all obligations of the Client and the Guarantor including but not limited to the Obligations, as the term is defined hereinbelow in section 2(d), whether now existing or which may hereafter be incurred by future advances or otherwise. The notice of the continuing grant of this security interest therefore shall not be required to be stated on the face of any document representing any such obligations of Client including the Obligations, nor otherwise identify it as being secured hereby.

**2. Definitions.** All capitalized terms set forth in this Agreement, unless otherwise defined

herein, shall have the same meanings provided to those terms as set forth in the Factoring Agreement executed by the Secured Party and the Client as of August 1, 2007.

The following terms shall have the following meanings:

(a) "Contracts" means all contracts including the Factoring Agreement, IT Institution Guarantee, undertakings, franchise agreements or other agreements in or under which the Guarantor may now or hereafter have any right, title or interest, including, without limitation, with respect to any agreement relating to the terms of payment or the terms of performance thereof;

(b) "Documents" means all documents;

(c) "Financing Agreements" means this Agreement, the Authorization, the Certification and Factoring Agreement and any and all related agreements, IT Institution Guarantee, this Security Agreement, notes, instruments, security agreements and documents evidencing, governing, securing or relating in any way to the Factoring Agreement or the IT Institution Guarantee;

(d) "Obligations" means any and all obligations, indebtedness, liabilities, guaranties, covenants and duties owing by Client or Guarantor to the Secured Party including without limitation, any obligations under any of the Financing Agreements such as the Factoring Agreement, and the IT Institution Guarantee, whether due or to become due, absolute or contingent, now existing or hereafter incurred or arising, whether or not otherwise guaranteed or secured and whether evidenced by any note or draft or documented on the books and records of the Secured Party, or otherwise on open account, including without limitation, all costs, expenses, fees, charges and attorneys' and other professional fees incurred by Secured Party in connection with, involving or related to the administration, protection, modification, collection, enforcement, preservation or defense of any of the Secured Party's rights or with respect to any of the Obligations, Hana Collateral or any agreement, instrument or document evidencing, governing, securing or relating to any of the foregoing, including without limitation, all costs and expenses incurred in inspecting or surveying the Hana Collateral or conducting environmental studies or tests, and in connection with any "workout" or default resolution negotiations involving legal counsel or other professionals and any re-negotiation or restructuring of any of the Obligations.

**3. Guarantor's Representations and Warranties.** Guarantor represents and warrants to Secured Party as follows:

(a) Authority. The Guarantor has the full power and authority to enter into and perform the obligations under this Agreement, to execute and deliver the Financing Agreements, Contracts as applicable, Hana Collateral and to incur the obligations provided for herein and therein, all of which have been duly authorized by all necessary and proper corporate or partnership action, if and as the case may be. No other consent or approval or the taking of any other action is required as a condition to the validity or enforceability of this Agreement or any of the other Financing Agreements, Contracts, or the Hana Collateral.

(b) Binding Agreements. This Agreement and any other agreements including but not limited to the Factoring Agreement, IT Institution Guarantee, any promissory notes, and any modifications, amendments, renewals and extensions of any or all of the foregoing by and between Client and Secured Party or Guarantor and Secured Party as applicable, constitute valid and legally binding Obligations of the Guarantor, enforceable in accordance with their respective terms.



(c) Priority. This Security Agreement creates a valid security interest in favor of the Secured Party in the Hana Collateral, which security interest shall be and remain superior and prior in right to all claims of creditors of Client or Guarantor and to all other security interests, liens, encumbrances in respect of the Hana Collateral.

(d) Litigation. There are no actions, suits, proceedings or investigations pending or threatened against the Client or the Guarantor before any court or administrative agency, which either in any case or in the aggregate, if adversely determined, would materially and adversely affect the financial condition, assets or operations of the Client or the Guarantor or which question the validity of this Agreement or any of the other Financing Agreements or Contracts, or any action to be taken in connection with the transactions contemplated hereby or thereby.

(e) No Conflicting Law or Agreements. The execution, delivery and performance by the Guarantor or Client of this Agreement, the Hana Collateral and other Financing Agreements or Contracts as applicable: (i) do not violate any provision of the Certificate of Incorporation and By-laws or the partnership agreement, if and as the case may be, of the Client, or the Guarantor and (ii) do not violate any order, decree or judgment, or any provision of any statute, rule or regulation in the United States and (iii) do not violate or conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any shareholder agreement, partnership agreement, stock preference agreement, mortgage, indenture, contract or other agreement to which the Client or the Guarantor is a party, or by which any of Client's or Guarantor's properties, including the Hana Collateral are bound, and (iv) except for the Hana Collateral granted to the Secured Party pursuant to the terms of this Agreement, hereunder, do not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any property or assets of the Client or Guarantor.

(f) Compliance. The Guarantor is not in default with respect to or in violation of any order, writ, injunction or decree of any court or of any federal, state, municipal or other governmental department of the United States, commission, board, bureau, agency, authority or official, or in violation of any law, statute, rule or regulation to which Guarantor's properties or Hana Collateral is or are subject, where such default or violation would materially and adversely affect the Hana Collateral or financial condition of the Guarantor. The Guarantor represents that Guarantor has not received notice of any such default or violation from any party. The Guarantor is not in default in the payment or performance of any of Guarantor's obligations to any third party or parties or in the performance of any other agreement to which Guarantor is a party or by which any of Guarantor's assets or properties are bound, including the Hana Collateral where such default would materially and adversely affect the Hana Collateral or the financial condition of the Guarantor.

Guarantor will keep the Hana Collateral in good repair. Guarantor will not destroy damage or substantially change the Hana Collateral, and Guarantor will not allow the Hana Collateral to deteriorate. Guarantor agrees to notify Secured Party promptly of any change in the Guarantor's name, mailing address, principal place of business or location of Hana Collateral. Guarantor shall promptly advise Secured Party of any event, which could have a material adverse effect on the value of the Hana Collateral or on the lien and security interest granted to Secured Party herein.

If: (A) Guarantor does not keep its promises and agreements made in this Security Agreement, or (B) someone, including Guarantor, begins a legal proceeding, that may significantly affect Secured Party's rights in the Hana Collateral (such as a legal proceeding in bankruptcy, in probate, for condemnation or to enforce laws or regulations), Secured Party may do and pay for whatever is necessary to protect the value of the Hana Collateral.

Guarantor will pay to Secured Party any amounts, with interest, which the Secured Party spends under this Paragraph 3. Guarantor will pay those amounts to Secured Party when Secured Party sends a notice requesting that Guarantor does so. Guarantor will also pay interest on those amounts at the interest rate set forth by the Factoring Agreement. Interest on each amount will begin on the date that the amount is spent by the Secured Party. However, Secured Party and Guarantor may agree in writing to terms of payment that are different from those in this paragraph. This Security Agreement will protect Secured Party in case the Guarantor does not keep this promise to pay those amounts with interest.

(g) **Title to Collateral: Permitted Liens.** The Guarantor is now and shall continue to be the sole owner of Hana Collateral free and clear of any and all other liens, encumbrances, security interests and claims, except for the liens granted to Secured Party hereunder. The Secured Party now has, and will continue to have first position perfected and enforceable security interest in all of Hana Collateral, and Guarantor agrees to defend Secured Party and Hana Collateral against the claims of all persons other than Secured Party. None of the Hana Collateral now is or will be affixed to any real property in such a manner, or with such intent, as to become a fixture. Guarantor is not and will not become a lessee under any real property lease pursuant to which the lessor may obtain any rights in any of the Hana Collateral. Whenever any Hana Collateral is located upon premises in which any third party has an interest (whether as owner, mortgage, beneficiary under a deed of trust, lien or otherwise), the Guarantor shall, whenever requested by the Secured Party, use its best efforts to cause such third party to execute and deliver to the Secured Party, in form acceptable to the Secured Party, such waivers and subordinations as the Secured Party shall specify, so as to ensure that the Secured Party's rights in the Hana Collateral are, and will continue to be, superior to the rights of any such third party. The Guarantor will keep in full force and effect, and will comply with all the terms of, any lease of real property where any of the Hana Collateral now or in the future may be located. The Guarantor represents and warrants that it is fully authorized to sell, transfer, pledge and/or grant a security interest in each and every item of the Hana Collateral to Secured Party. All documents and agreements related to Hana Collateral shall be true and correct and in all respects what they purport to be. All signatures and endorsements that appear thereon shall be genuine and all signatories and endorsers shall have full capacity to contract. None of the transactions underlying or giving rise to the Hana Collateral shall violate any applicable state or federal laws or regulations in the United States. All documents relating to Hana Collateral shall be legally sufficient under such laws or regulations and shall be legally enforceable in accordance with their terms.

**4. Negative Covenants of the Guarantor.** The Guarantor covenants and agrees that from the date hereof until full and final payment and performance of all Obligations, the Guarantor shall not without the prior written consent of Secured Party:

(a) **Encumbrances.** Other than the security interest created hereby, incur or permit or cause to incur or permit to exist any lien, mortgage, charge or other encumbrance against any of the Hana Collateral whether now owned or hereafter acquired.

**5. Rights of Secured Party.** Upon the occurrence of any Event of Default or upon such time when any demand is made as applicable pursuant to the terms of any of the Financing Agreements including but not limited to the Factoring Agreement, the Contracts, or the IT Institution Guarantee, Secured Party shall have the right to declare all of the Obligations to be immediately due and payable and shall then have the rights and remedies of a secured party under any applicable law, including without limitation, the right to take possession of the Hana Collateral or enforce all of Secured Party's rights with respect to any of Guarantor's interest in the Hana Collateral and in addition thereto, the right

to occupy the Guarantor's premises for the purposes of liquidating the Hana Collateral including without limitation, conducting an auction thereon. Secured Party may require the Guarantor to make the Hana Collateral available to Secured Party at a place to be designated by Secured Party. In the event the Proceeds of any sale or other disposition of the Hana Collateral hereunder are insufficient to pay all of the Obligations in full, the Guarantor will be liable for the deficiency, together with interest thereon, at the maximum rate allowable by applicable law, and the costs and expenses of collection of such deficiency, including (to the extent permitted by law) without limitation, attorneys' fees, expenses and disbursements.

**6. Right of Secured party to Use and Operate Hana Collateral, Etc.** Upon the occurrence of any Event of Default or upon such time when demand is made as applicable pursuant to terms of the Financing Agreements, including but not limited to the Factoring Agreement, the Contracts or the IT Institution Guarantee, Secured Party shall have the right and power to take possession of all or any part of the Hana Collateral unless it is already in possession or dominion by the Secured Party as set forth in Section 1 (a) or 5, and to exclude the Guarantor and all persons wholly or partly therefrom, and thereafter to hold, store, and/or use, operate, manage and control the same. The remainder of such issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations in such order of priority, as Secured Party shall determine in its sole discretion. Without limiting the generality of the foregoing, Secured Party shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by Secured Party to enforce its rights and remedies hereunder in order to manage, protect and preserve the Hana Collateral and continue the operation of the business of the Guarantor and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership including the compensation of the receiver and to the payment of the obligations of Client to Secured Creditor including the Obligations as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated.

**7. Events of Default.** The Guarantor shall be in default under this Agreement upon the happening of failure by Client or the Guarantor to do anything required by the Client or Guarantor taking action prohibited by, the Financing Agreements including but not limited to the Factoring Agreement and the IT Institution Guarantee, other financing default by the Client under the Financing Agreements or any of the Event of Default as set forth in any of the Financing Agreements including but not limited to the Factoring Agreement, the IT Institution Guarantee or the Contracts (herein individually called an "Event of Default" and collectively called "Events of Default");

**8. Termination. Assignment, Etc.** This Agreement and the security interest in the Hana Collateral created hereby shall terminate when all of the obligations of Client and Guarantor including the Obligations have been paid and finally discharged in full. No waiver by the Secured Party or by any other holder of the Obligations of any default or demand as applicable shall be effective unless in writing signed by the Secured Party nor shall any waiver granted on any one occasion operate as a waiver of any other default or of the same default on a future occasion. In the event of sale or assignment by Secured Party of all or any of the Obligations held by Secured Party, Secured Party may assign or transfer its respective rights and interests under this Agreement in whole or in part to the purchaser or purchasers of such Obligations, whereupon such purchaser or purchasers shall become vested with all of the powers and rights hereunder, and Secured Party shall thereafter be forever released and fully discharged from any liability or responsibility hereunder with respect to the rights and interests so assigned.

**9. Notices.** Except as otherwise provided herein, notice to the Guarantor or to Secured Party shall be deemed to have been sufficiently given or served for all purposes hereof if mailed by certified or

registered mail, return receipt requested, as follows:

(a) if to Guarantor:

IT Institution, Inc.  
5251 S. Santa Fe Avenue  
Vernon, CA 90058  
Attention: Ms. Kimmy Song

(b) if to Secured Party:

Hana Financial, Inc.  
1000 Wilshire Blvd., 20<sup>th</sup> Floor  
Los Angeles, CA 90017  
Attention: Ms. Young Shim

**10. Miscellaneous.** This Agreement shall inure to the benefit of and be binding upon Secured Party and the Guarantor and their respective successors and assigns. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

**11. Governing Law.** This Agreement shall be governed by the laws of the State of California including Article 9 of the Uniform Commercial Code as it has been codified in the State of California and may not be amended except in writing.

**12. Perfection or proper recordation or registration of Hana Collateral.** The Guarantor shall at any time and from time to time, insure the continued perfection and priority of the Secured Party's security interest in Hana Collateral and of the preservation of its rights therein.

**13. Amendment and Waiver.** Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which they are given.

**14. No Waiver.** No failure to exercise and no delay in exercising any right, power, or remedy hereunder shall impair any right, power, or remedy which Secured Creditor may have, nor shall any such delay be construed to be a waiver of any of such rights, powers, or remedies, or any acquiescence in any breach or default hereunder; nor shall any waiver by Secured Creditor of any breach or default by Client or Guarantor hereunder be deemed a waiver of any default or breach subsequently occurring.

**15. Waiver Of Trial By Jury.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING DIRECTLY OR INDIRECTLY OUT OF THIS AGREEMENT, OR ANY OTHER AGREEMENT OR TRANSACTION BETWEEN THE PARTIES HERETO.

The parties to this Agreement prefer that any dispute between or among them be resolved in litigation subject to the above jury trial waiver. If, and only if, a pre-dispute jury trial waiver of the type provided for herein is unenforceable in litigation to resolve any dispute, claim, cause of action or controversy under this Agreement or any other document (each, a "Claim") in the venue where the Claim is being brought pursuant to the terms of this Agreement, then, upon the written request of any party, such Claim, including any and all questions of law or fact relating thereto, shall be determined exclusively by a judicial reference proceeding. Except as otherwise provided herein, venue for any such reference proceeding shall be in the state or federal court in the County or District where venue is appropriate under applicable law (the "Court"). The parties shall select a single neutral referee, who shall be a retired state or federal judge. If the parties cannot agree upon a referee within 30 days, the Court shall appoint the referee. The referee shall report a statement of decision to the Court. Notwithstanding the foregoing, nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral or obtain provisional remedies (including without limitation, requests for temporary restraining orders, preliminary injunctions, writs of possession, writs of attachment, appointment of a receiver, or any orders that a court may issue to preserve the status quo, to prevent irreparable injury or to allow a party to enforce its liens and security interests). The parties shall bear the fees and expenses of the referee equally unless the referee orders otherwise. The referee also shall determine all issues relating to the applicability, interpretation, and enforceability of this section. The parties acknowledge that any Claim determined by reference pursuant to this section shall not be adjudicated by a jury.

**16. Choice of Law/Venue.** This Agreement and all acts and transactions hereunder and all rights and obligations of Client and Guarantor shall be governed by the laws of the State of California. Both the Guarantor and Secured Party agree that the exclusive venue shall be Los Angeles County.

*[Rest of this page is intentionally left blank; signature page to follow.]*

In Witness Whereof, the undersigned have caused this agreement to be executed and delivered  
by their thereunto duly authorized officers as of the Effective Date.

Guarantor:


**IT INSTITUTION, INC.**

  
Kimmy Song  
CEO

Effective Date:  
January 1, 2012

Secured Party:

**HANA FINANCIAL INC.**

  
Young A. Shim  
Executive Vice President

Effective Date:  
January 1, 2012

**SCHEDULE I**

**EXISTING TRADEMARKS**

<b><u>MARK</u></b>	<b><u>REGISTRATION NO.</u></b>	<b><u>FILING/REGISTRATION DATE</u></b>	<b><u>ASSIGNMENT DATE</u></b>
!IT	3733839	January 5, 2010	January 1, 2011
!IT [Stylized]	3133409	August 22, 2006	January 1, 2011
!IT Jeans Los Angeles [in brackets and design]	3814483	July 6, 2010	January 1, 2011
LOS [!IT] ANGELES	3900780	January 4, 2011	January 1, 2012
S.O.N.G.	4068502	December 6, 2011	January 1, 2012
SONG OF !IT	3848910	September 14, 2010	January 1, 2011

**ATTACHMENT-B**



**EXHIBIT F**

04217C0366



**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]  
 Phone (800) 331-3282 Fax (818) 662-4141

B. SEND ACKNOWLEDGEMENT TO: (Name and Mailing Address) 515400 IHANA

UCC Direct Services 6332401.1  
 P.O. Box 29071  
 Glendale, CA 91209-9071 CALI

FILED  
 SACRAMENTO, CA  
 AUG 02, 2004 AT 1700  
 KEVIN SHELLEY  
 SECRETARY OF STATE

THE ABOVE INFORMATION IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # 0002060315 01-12-00 SS CA

1b. This FINANCING STATEMENT AMENDMENT is to be filed for record (or recorded) in the REAL ESTATE RECORDS.

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable)

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. SEE INSTRUCTION ADD'L INFO RE ORGANIZATION DEBTOR 7e. TYPE OF ORGANIZATION 7f. JURISDICTION OF ORGANIZATION 7g. ORGANIZATIONAL ID #, if any  NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral: or acts the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here, and enter name of DEBTOR authorizing this Amendment:

6a. ORGANIZATION'S NAME  
 HANA FINANCIAL, INC.

OR

6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
 6332401.1 Debtor Name: IT JEANS, INC. A-1107 IT JEANS (CONT)

11-4-04

ucl3



**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 117280478088  
File Date : 10-AUG-2011

A. NAME & PHONE OF CONTACT AT FILER [optional]  
Phone: (800) 331-3282 Fax: (818) 662-4141

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions  
P.O. Box 29071  
Glendale CA, 91209-9071

29404332  
CALI

15400 -  
File with: Secretary of State, CA

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME  
**IT INSTITUTION, INC.**

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

5251 S SANTA FE AVE VERNON CA 90058 USA

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any

CORPORATION CA C3265562  NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME  
**KASIL LLC**

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

5251 S SANTA FE AVE VERNON CA 90058 USA

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any

LLC CA 200915610126  NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME  
**Hana Financial, Inc.**

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1000 Wilshire Blvd., 20th Floor Los Angeles CA 90017 USA

4. This FINANCING STATEMENT covers the following collateral:

The collateral shall consist of all of the personal property of debtor wherever located, and now owned or hereafter acquired, including but not limited to, Accounts, including but limited to, health care insurance receivable; chattel paper; inventory; equipment; instruments, including but not limited to promissory notes; investment property; documents; deposit accounts; letter of credit rights; general intangibles, including payment intangibles; supporting obligations relating to any of the foregoing; all accessions, additions, replacements and substitutions relating to any of the foregoing; and to the extent not listed above as original collateral, products and proceeds relating to the foregoing, including but not limited to, insurance proceeds such as business interruption, property damage or liability; general intangibles and other account proceeds relating to any of the foregoing.

5. ALTERNATIVE DESIGNATION (if applicable):  LESSEE/LESSOR  CONSIGNEE/CONSIGNOR  BAILEE/BAILOR  SELLER/BUYER  AG. LIEN  NON-UCC FILING

6.  This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional)  All Debtors  Debtor 1  Debtor 2

8. OPTIONAL FILER REFERENCE DATA

29404332 UCC 1/ 1107/ KTL/ IT INSTITUTION, INC.

**UCC FINANCING STATEMENT ADDITIONAL PARTY**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**19. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

19a. ORGANIZATION'S NAME <b>IT INSTITUTION, INC.</b>			
OR	19b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

20. MISCELLANEOUS: 46327525-CA-0

File with: Secretary of State, CA UCC 1/1107/ KTL/ IT INSTITUTION, INC.

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**21. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (21a or 21b) - do not abbreviate or combine names**

21a. ORGANIZATION'S NAME <b>SONG OF IT, INC.</b>					
OR	21b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
21c. MAILING ADDRESS <b>5251 S SANTA FE AVE</b>		CITY <b>VERNON</b>	STATE <b>CA</b>	POSTAL CODE <b>90058</b>	COUNTRY <b>USA</b>
21d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	21e. TYPE OF ORGANIZATION <b>CORPORATION</b>	21f. JURISDICTION OF ORGANIZATION <b>CA</b>	21g. ORGANIZATIONAL ID #, if any <b>C3265552</b>	<input type="checkbox"/> NONE

**22. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (22a or 22b) - do not abbreviate or combine names**

22a. ORGANIZATION'S NAME <b>IT IN THE LOOP, INC.</b>					
OR	22b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
22c. MAILING ADDRESS <b>5251 S SANTA FE AVE</b>		CITY <b>VERNON</b>	STATE <b>CA</b>	POSTAL CODE <b>90058</b>	COUNTRY <b>USA</b>
22d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	22e. TYPE OF ORGANIZATION <b>CORPORATION</b>	22f. JURISDICTION OF ORGANIZATION <b>CA</b>	22g. ORGANIZATIONAL ID #, if any <b>C2912781</b>	<input type="checkbox"/> NONE

**23. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (23a or 23b) - do not abbreviate or combine names**

23a. ORGANIZATION'S NAME <b>IT JEANS, INC.</b>					
OR	23b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
23c. MAILING ADDRESS <b>5251 S SANTA FE AVE</b>		CITY <b>VERNON</b>	STATE <b>CA</b>	POSTAL CODE <b>90058</b>	COUNTRY <b>USA</b>
23d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	23e. TYPE OF ORGANIZATION <b>CORPORATION</b>	23f. JURISDICTION OF ORGANIZATION <b>CA</b>	23g. ORGANIZATIONAL ID #, if any <b>C2103489</b>	<input type="checkbox"/> NONE

**24. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - insert only one name (24a or 24b)**

24a. ORGANIZATION'S NAME					
OR	24b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
24c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

**25. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - insert only one name (25a or 25b)**

25a. ORGANIZATION'S NAME					
OR	25b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
25c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY



**UCC FINANCING STATEMENT ADDITIONAL PARTY**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

**19. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT**

19a. ORGANIZATION'S NAME <b>IT INSTITUTION, INC.</b>			
OR	19b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

20. MISCELLANEOUS: 46327525-CA-0

File with: Secretary of State, CA UCC 1/ 1107/ KTL/ IT INSTITUTION, INC.

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

**21. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (21a or 21b) - do not abbreviate or combine names**

21a. ORGANIZATION'S NAME <b>ITEM</b>					
OR	21b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
21c. MAILING ADDRESS <b>5251 S SANTA FE AVE</b>		CITY <b>VERNON</b>	STATE <b>CA</b>	POSTAL CODE <b>90058</b>	COUNTRY <b>USA</b>
21d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	21e. TYPE OF ORGANIZATION <b>DBA</b>	21f. JURISDICTION OF ORGANIZATION <b>CA</b>	21g. ORGANIZATIONAL ID #, if any <input checked="" type="checkbox"/> NONE	

**22. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (22a or 22b) - do not abbreviate or combine names**

22a. ORGANIZATION'S NAME					
OR	22b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
22c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
22d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	22e. TYPE OF ORGANIZATION	22f. JURISDICTION OF ORGANIZATION	22g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

**23. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (23a or 23b) - do not abbreviate or combine names**

23a. ORGANIZATION'S NAME					
OR	23b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
23c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
23d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	23e. TYPE OF ORGANIZATION	23f. JURISDICTION OF ORGANIZATION	23g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	

**24. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - insert only one name (24a or 24b)**

24a. ORGANIZATION'S NAME					
OR	24b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
24c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

**25. ADDITIONAL SECURED PARTY'S NAME (or Name of TOTAL ASSIGNEE) - insert only one name (25a or 25b)**

25a. ORGANIZATION'S NAME					
OR	25b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
25c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

EXHIBIT G

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U.S. Small Business Administration

NOTE

SBA Loan #	PLP 438-622-5009
SBA Loan Name	IT JEANS, INC.
Date	November 24, 2010
Loan Amount	\$2,700,000.00
Interest Rate	Variable
Borrower	IT JEANS, INC.
Operating Company	N/A
Lender	HANA SMALL BUSINESS LENDING, INC.

**1. PROMISE TO PAY:**

In return for the Loan, Borrower promises to pay to the order of Lender the amount of **Two Million Seven Hundred Thousand and 00/100 Dollars**, interest on the unpaid principal balance, and all other amounts required by this Note.

**2. DEFINITIONS:**

"Collateral" means any property taken as security for payment of this Note or any guarantee of this Note.

"Guarantor" means each person or entity that signs a guarantee of payment of this Note.

"Loan" means the loan evidenced by this Note.

"Loan Documents" means the documents related to this loan signed by Borrower, any Guarantor, or anyone who pledges collateral.

"SBA" means the Small Business Administration, an Agency of the United States of America.

**3. PAYMENT TERMS:**

Borrower must make all payments at the place Lender designates. The payment terms for this Note are:

The interest rate on this Note will fluctuate. The initial interest rate is **6.00%** per year. This initial rate is the prime rate in effect on the first business day of the month in which SBA received the loan application, plus **2.75%**. The initial interest rate must remain in effect until the first change period begins.

Borrower must pay one payment of interest only on the disbursed principal balance **one** month from the month of initial disbursement on this Note; payment must be made on the **1st calendar day** in the month it is due.

Borrower must pay principal and interest payments of **\$30,150.00** every month beginning **two** months from the month of initial disbursement on this Note; payments must be made on the **1st calendar day** in the months they are due.

Lender will apply each installment payment first to pay interest accrued to the day Lender receives the payment, then to bring principal current, then to pay any late fees, and will apply any remaining balance to reduce principal.

The interest rate will be adjusted **every calendar quarter** (the "change period").

The "Prime Rate" is the prime rate in effect on the first business day of the month (as published in the Wall Street Journal) in which SBA received the application, or any interest rate change occurs. Base Rates will be rounded to two decimal places with .004 being rounded down and .005 being rounded up.

The adjusted interest rate will be **2.75%** above the prime rate. Lender will adjust the interest rate on the first calendar day of each change period. The change in interest rate is effective on that day whether or not Lender gives Borrower notice of the change.

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Lender must adjust the payment amount at least annually as needed to amortize principal over the remaining term of the note.

If SBA purchases the guaranteed portion of the unpaid principal balance, the interest rate becomes fixed at the rate in effect at the time of the earliest uncured payment default. If there is no uncured payment default, the rate becomes fixed at the rate in effect at the time of purchase.

**Loan Prepayment:**

Notwithstanding any provision in this Note to the contrary:

**Borrower may prepay this Note.** Borrower may prepay 20 percent or less of the unpaid principal balance at any time without notice. If Borrower prepays more than 20 percent and the Loan has been sold on the secondary market, Borrower must:

- a. Give Lender written notice;
- b. Pay all accrued interest; and
- c. If the prepayment is received less than 21 days from the date Lender receives the notice, pay an amount equal to 21 days' interest from the date lender receives the notice, less any interest accrued during the 21 days and paid under subparagraph b., above.

If Borrower does not prepay within 30 days from the date Lender receives the notice, Borrower must give Lender a new notice.

All remaining principal and accrued interest is due and payable **10 years from date of initial disbursement.**

**Late Charge:** If a payment on this Note is more than **10 days** late, Lender may charge Borrower a late fee of up to **5.00%** of the unpaid portion of the regularly scheduled payment.

**4. DEFAULT:** Borrower is in default under this Note if Borrower does not make a payment when due under this Note, or if Borrower or Operating Company:

- A. Fails to do anything required by this Note and other Loan Documents;
- B. Defaults on any other loan with Lender;
- C. Does not preserve, or account to Lender's satisfaction for, any of the Collateral or its proceeds;
- D. Does not disclose, or anyone acting on their behalf does not disclose, any material fact to Lender or SBA;
- E. Makes, or anyone acting on their behalf makes, a materially false or misleading representation to Lender or SBA;
- F. Defaults on any loan or agreement with another creditor, if Lender believes the default may materially affect Borrower's ability to pay this Note;
- G. Fails to pay any taxes when due
- H. Becomes the subject of a proceeding under any bankruptcy or insolvency law;
- I. Has a receiver or liquidator appointed for any part of their business or property;
- J. Makes an assignment for the benefit of creditors;
- K. Has any adverse change in financial condition or business operation that Lender believes may materially affect Borrower's ability to pay this Note;
- L. Reorganizes, merges, consolidates, or otherwise changes ownership or business structure without Lender's prior written consent; or
- M. Becomes the subject of a civil or criminal action that Lender believes may materially affect Borrower's ability to pay this Note.

**5. LENDER'S RIGHTS IF THERE IS A DEFAULT:** Without notice or demand and without giving up any of its rights, Lender may:

- A. Require immediate payment of all amounts owing under this Note;
- B. Collect all amounts owing from any Borrower or Guarantor;
- C. File suit and obtain judgment;
- D. Take possession of any Collateral; or
- E. Sell, lease, or otherwise dispose of, any Collateral at public or private sale, with or without advertisement.

**6. LENDER'S GENERAL POWERS:** Without notice and without Borrower's consent, Lender may:

- A. Bid on or buy the Collateral at its sale or the sale of another lienholder, at any price it chooses;
- B. Incur expenses to collect amounts due under this Note, enforce the terms of this Note or any other Loan Document, and preserve or dispose of the Collateral. Among other things, the expenses may include payments for property taxes, prior liens, insurance, appraisals, environmental remediation costs, and reasonable attorney's fees and costs. If Lender incurs such expenses, it may demand immediate repayment from Borrower or add the expenses to the principal balance;
- C. Release anyone obligated to pay this Note;



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- D. Compromise, release, renew, extend or substitute any of the Collateral; and
- E. Take any action necessary to protect the Collateral or collect amounts owing on this Note.

**7. WHEN FEDERAL LAW APPLIES:** When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

**8. SUCCESSORS AND ASSIGNS:** Under this Note, Borrower and Operating Company include the successors of each, and Lender includes its successors and assigns.

**9. GENERAL PROVISIONS:**

- A. All individuals and entities signing this Note are jointly and severally liable.
- B. Borrower waives all suretyship defenses.
- C. Borrower must sign all documents necessary at any time to comply with the Loan Documents and to enable Lender to acquire, perfect, or maintain Lender's liens on Collateral.
- D. Lender may exercise any of its rights separately or together, as many times and in any order it chooses. Lender may delay or forgo enforcing any of its rights without giving up any of them.
- E. Borrower may not use an oral statement of Lender or SBA to contradict or alter the written terms of this Note.
- F. If any part of this Note is unenforceable, all other parts remain in effect.
- G. To the extent allowed by law, Borrower waives all demands and notices in connection with this Note, including presentment, demand, protest, and notice of dishonor. Borrower also waives any defenses based upon any claim that Lender did not obtain any guarantee; did not obtain, perfect, or maintain a lien upon Collateral; impaired Collateral; or did not obtain the fair market value of Collateral at a sale.

**10. STATE-SPECIFIC PROVISIONS:**

NONE

**11. BORROWER'S NAME(S) AND SIGNATURE(S):**

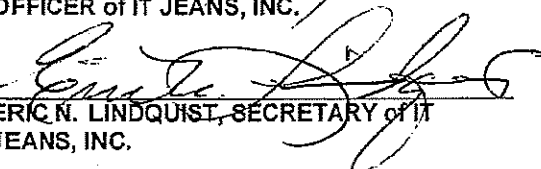
By signing below, each individual or entity becomes obligated under this Note as Borrower.

**BORROWER:**

IT JEANS, INC.

By   
KIMMY SONG, CHIEF EXECUTIVE  
OFFICER of IT JEANS, INC.

By   
JEAN RO, PRESIDENT of IT JEANS, INC.

By   
ERIC N. LINDQUIST, SECRETARY of IT  
JEANS, INC.

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Hana Financial

**COMMERCIAL SECURITY AGREEMENT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$2,700,000.00	11-24-2010	11-01-2020	S1175			THK	THK

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Grantor:** IT JEANS, INC.  
5201-5301 S SANTA FE AVENUE  
VERNON, CA 90058

**Lender:** HANA SMALL BUSINESS LENDING, INC.  
1000 WILSHIRE BOULEVARD, 20TH FLOOR  
LOS ANGELES, CA 90017

**THIS COMMERCIAL SECURITY AGREEMENT** dated November 24, 2010, is made and executed between IT JEANS, INC. ("Grantor") and HANA SMALL BUSINESS LENDING, INC. ("Lender").

**GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; all fixtures; all timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property except Account Receivable.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Perfection of Security Interest.** Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

**Notices to Lender.** Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with

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COMMERCIAL SECURITY AGREEMENT  
(Continued)

Loan No: S1175

Page 2

regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

**Location of the Collateral.** Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

**Removal of the Collateral.** Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

**Transactions Involving Collateral.** Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

**Title.** Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

**Repairs and Maintenance.** Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

**Inspection of Collateral.** Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

**Taxes, Assessments and Liens.** Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

**Compliance with Governmental Requirements.** Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

**Hazardous Substances.** Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

**Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

**Application of Insurance Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay

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**COMMERCIAL SECURITY AGREEMENT**  
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or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

**Insurance Reserves.** Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

**Insurance Reports.** Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

**Financing Statements.** Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement. If Grantor changes Grantor's name or address, or the name or address of any person granting a security interest under this Agreement changes, Grantor will promptly notify the Lender of such change.

**GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS.** Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Grantor fails to make any payment when due under the Indebtedness.

**Other Defaults.** Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

**Default in Favor of Third Parties.** Any guarantor or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of any guarantor's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

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**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

**Accelerate Indebtedness.** Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

**Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the Rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Collect Revenues, Apply Accounts.** Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

**Obtain Deficiency.** If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

**Other Rights and Remedies.** Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

**Election of Remedies.** Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Applicable Law.** The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not

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enforceable when SBA is the holder of the Note secured by this instrument.

**Choice of Venue.** If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of LOS ANGELES County, State of California.

**Preference Payments.** Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**Power of Attorney.** Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

**Waiver of Co-Obligor's Rights.** If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Borrower.** The word "Borrower" means IT JEANS, INC. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Grantor.** The word "Grantor" means IT JEANS, INC..

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous

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COMMERCIAL SECURITY AGREEMENT  
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Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means HANA SMALL BUSINESS LENDING, INC., its successors and assigns.

Note. The word "Note" means the Note executed by IT JEANS, INC. in the principal amount of \$2,700,000.00 dated November 24, 2010, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.


Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED NOVEMBER 24, 2010.

GRANTOR:

IT JEANS, INC.

By:   
KIMMY SONG, CHIEF EXECUTIVE OFFICER of IT  
JEANS, INC.

By:   
JEAN RO, PRESIDENT of IT JEANS, INC.

By:   
ERIC N. LINDQUIST, SECRETARY of IT JEANS, INC.



Hana Financial

**COMMERCIAL SECURITY AGREEMENT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,799,094.61	11-24-2010	10-01-2020	S1175			JWK	<i>[Signature]</i>

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** THE STAR PRODUCTION, INC.  
IT JEANS, INC.  
5550 UNION PACIFIC AVENUE  
COMMERCE, CA 90022

**Lender:** HANA SMALL BUSINESS LENDING, INC.  
1000 WILSHIRE BOULEVARD, 20TH FLOOR  
LOS ANGELES, CA 90017

**Grantor:** THE STAR PRODUCTION, INC.  
5550 UNION PACIFIC AVENUE  
COMMERCE, CA 90022

THIS COMMERCIAL SECURITY AGREEMENT dated April 8, 2015, is made and executed among THE STAR PRODUCTION, INC. ("Grantor"); THE STAR PRODUCTION, INC.; and IT JEANS, INC. ("Borrower"); and HANA SMALL BUSINESS LENDING, INC. ("Lender").

**GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the indebtedness and performance of all other obligations under the Note and this Agreement:

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; all fixtures; all timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property.

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**BORROWER'S WAIVERS AND RESPONSIBILITIES.** Except as otherwise required under this Agreement or by applicable law, (A) Borrower agrees that Lender need not tell Borrower about any action or inaction Lender takes in connection with this Agreement; (B) Borrower assumes the responsibility for being and keeping informed about the Collateral; and (C) Borrower waives any defenses that may arise because of any action or inaction of Lender, including without limitation any failure of Lender to realize upon the Collateral or any delay by Lender in realizing upon the Collateral; and Borrower agrees to remain liable under the Note no matter what action Lender takes or fails to take under this Agreement.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES.** Grantor warrants that: (A) this Agreement is executed at Borrower's request and not at the request of Lender; (B) Grantor has the full right, power and authority to enter into this Agreement and to pledge the Collateral to Lender; (C) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (D) Lender has made no representation to Grantor about Borrower or Borrower's creditworthiness.

**GRANTOR'S WAIVERS.** Except as prohibited by applicable law, Grantor waives any right to require Lender to (A) make any presentment, protest, demand, or notice of any kind, including notice of change of any terms of repayment of the indebtedness, default by Borrower or any other guarantor or surety, any action or nonaction taken by Borrower, Lender, or any other guarantor or surety of Borrower, or the creation of new or additional indebtedness; (B) proceed against any person, including Borrower, before proceeding against Grantor; (C) proceed against any collateral for the indebtedness, including Borrower's collateral, before proceeding against Grantor; (D) apply any payments or proceeds received against the indebtedness in any order; (E) give notice of the terms, time, and place of any sale of any collateral pursuant to the Uniform Commercial Code or any other law governing such sale; (F) disclose any information about the indebtedness, the Borrower, any collateral, or any other guarantor or surety, or about any action or nonaction of Lender; or (G) pursue any remedy or course of action in Lender's power whatsoever.



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Grantor also waives any and all rights or defenses arising by reason of (A) any disability or other defense of Borrower, any other guarantor or surety or any other person; (B) the cessation from any cause whatsoever, other than payment in full, of the indebtedness; (C) the application of proceeds of the indebtedness by Borrower for purposes other than the purposes understood and intended by Grantor and Lender; (D) any act of omission or commission by Lender which directly or indirectly results in or contributes to the discharge of Borrower or any other guarantor or surety, or the indebtedness, or the loss or release of any collateral by operation of law or otherwise; (E) any statute of limitations in any action under this Agreement or on the indebtedness; or (F) any modification or change in terms of the indebtedness, whatsoever, including without limitation, the renewal, extension, acceleration, or other change in the time payment of the indebtedness is due and any change in the interest rate.

Grantor waives all rights and defenses arising out of an election of remedies by Lender even though that election of remedies, such as a non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Grantor's rights of subrogation and reimbursement against Borrower by operation of Section 580d of the California Code of Civil Procedure or otherwise.

Grantor waives all rights and defenses that Grantor may have because Borrower's obligation is secured by real property. This means among other things: (1) Lender may collect from Grantor without first foreclosing on any real property collateral pledged by Borrower; and (2) If Lender forecloses on any real property collateral pledged by the Borrower: (A) The amount of the Borrower's obligation may be reduced only by the price for which the collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; (B) The Lender may collect from the Grantor even if the Lender, by foreclosing on the real property collateral, has destroyed any right the Grantor may have to collect from the borrower. This is an unconditional and irrevocable waiver of any rights and defenses the Grantor may have because the Borrower's obligation is secured by real property. These rights and defenses include, but are not limited to, any rights and defenses based upon Sections 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

Grantor understands and agrees that the foregoing waivers are unconditional and irrevocable waivers of substantive rights and defenses to which Grantor might otherwise be entitled under state and federal law. The rights and defenses waived include, without limitation, those provided by California laws of suretyship and guaranty, anti-deficiency laws, and the Uniform Commercial Code. Grantor further understands and agrees that this Agreement is a separate and independent contract between Grantor and Lender, given for full and ample consideration, and is enforceable on its own terms. Grantor acknowledges that Grantor has provided these waivers of rights and defenses with the intention that they be fully relied upon by Lender. Until all indebtedness is paid in full, Grantor waives any right to enforce any remedy Grantor may have against Borrower or any other guarantor, surety, or other person, and further, Grantor waives any right to participate in any collateral for the indebtedness now or hereafter held by Lender.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Perfection of Security Interest.** Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

**Notices to Lender.** Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management of the Corporation Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its certificate or articles of incorporation and bylaws do not prohibit any term or condition of this Agreement.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

**Location of the Collateral.** Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

**Removal of the Collateral.** Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

**Transactions Involving Collateral.** Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

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**Title.** Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

**Repairs and Maintenance.** Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

**Inspection of Collateral.** Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

**Taxes, Assessments and Liens.** Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

**Compliance with Governmental Requirements.** Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

**Hazardous Substances.** Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the indebtedness and the satisfaction of this Agreement.

**Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

**Application of Insurance Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the indebtedness.

**Insurance Reserves.** Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

**Insurance Reports.** Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

**Financing Statements.** Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

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**GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS.** Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Indebtedness.

**Other Defaults.** Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

**Default in Favor of Third Parties.** Borrower, any guarantor or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's, any guarantor's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The dissolution or termination of Borrower's or Grantor's existence as a going business, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's or Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

**Accelerate Indebtedness.** Lender may declare the entire Indebtedness, including any prepayment penalty which Borrower would be required to pay, immediately due and payable, without notice of any kind to Borrower or Grantor.

**Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without

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limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Collect Revenues, Apply Accounts.** Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the indebtedness or apply it to payment of the indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

**Obtain Deficiency.** If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Borrower for any deficiency remaining on the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Borrower shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

**Other Rights and Remedies.** Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

**Election of Remedies.** Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Applicable Law.** The Loan secured by this lien was made under a United States Small Business Administration (SBA) nationwide program which uses tax dollars to assist small business owners. If the United States is seeking to enforce this document, then under SBA regulations: (a) When SBA is the holder of the Note, this document and all documents evidencing or securing this Loan will be construed in accordance with federal law. (b) Lender or SBA may use local or state procedures for purposes such as filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using these procedures, SBA does not waive any federal immunity from local or state control, penalty, tax or liability. No Borrower or Guarantor may claim or assert against SBA any local or state law to deny any obligation of Borrower, or defeat any claim of SBA with respect to this Loan. Any clause in this document requiring arbitration is not enforceable when SBA is the holder of the Note secured by this instrument.

**Choice of Venue.** If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of LOS ANGELES County, State of California.

**Joint and Several Liability.** All obligations of Borrower and Grantor under this Agreement shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Borrower and Grantor signing below is responsible for all obligations in this Agreement. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Agreement.

**Preference Payments.** Any monies Lender pays because of an asserted preference claim in Borrower's or Grantor's bankruptcy will become a part of the indebtedness and, at Lender's option, shall be payable by Borrower and Grantor as provided in this Agreement.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written

**COMMERCIAL SECURITY AGREEMENT  
(Continued)**

Loan No: S1175

Page 6

notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**Power of Attorney.** Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

**Waiver of Co-Obligor's Rights.** If more than one person is obligated for the indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Borrower.** The word "Borrower" means THE STAR PRODUCTION, INC.; and IT JEANS, INC. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Grantor.** The word "Grantor" means THE STAR PRODUCTION, INC..

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means HANA SMALL BUSINESS LENDING, INC., its successors and assigns.

**Note.** The word "Note" means the Note executed by IT JEANS, INC. in the principal amount of \$2,700,000.00 dated November 24, 2010, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Property.** The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

**BORROWER AND GRANTOR HAVE READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND**

**COMMERCIAL SECURITY AGREEMENT  
(Continued)**

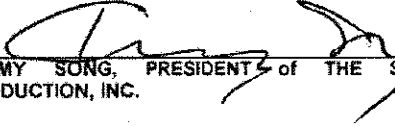
Loan No: S1175

Page 7

AGREE TO ITS TERMS. THIS AGREEMENT IS DATED APRIL 8, 2015.

GRANTOR:

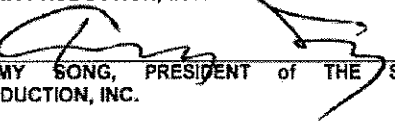
THE STAR PRODUCTION, INC.

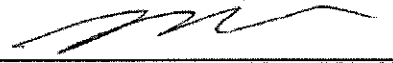
By:   
KIMMY SONG, PRESIDENT of THE STAR  
PRODUCTION, INC.

By:   
JEAN RO, SECRETARY of THE STAR PRODUCTION,  
INC.


BORROWER:

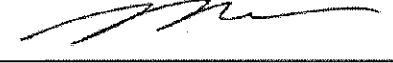
THE STAR PRODUCTION, INC.

By:   
KIMMY SONG, PRESIDENT of THE STAR  
PRODUCTION, INC.

By:   
JEAN RO, SECRETARY of THE STAR PRODUCTION,  
INC.

IT JEANS, INC.

By:   
KIMMY SONG, PRESIDENT of IT JEANS, INC.

By:   
JEAN RO, SECRETARY of IT JEANS, INC.



Hana Financial

**CHANGE IN TERMS AGREEMENT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,754,962.92	11-24-2010	10-01-2020	11175			YJC	llc

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** THE STAR PRODUCTION, INC.  
IT JEANS, INC.  
5550 UNION PACIFIC AVENUE  
COMMERCE, CA 90022

**Lender:** HANA SMALL BUSINESS LENDING, INC.  
1000 WILSHIRE BOULEVARD, 20TH FLOOR  
LOS ANGELES, CA 90017

**Principal Amount: \$1,754,962.92**

**Date of Agreement: September 25, 2015**

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A loan evidenced by a Note dated November 24, 2010, in the original principal amount of \$2,700,000.00 and Change in Terms Agreement(s) made thereafter ("Note"). The current outstanding principal balance is \$1,754,962.92, and current interest paid to date is June 1, 2015.

**DESCRIPTION OF COLLATERAL.** 1. A security interest in the collateral further described in the Commercial Security Agreement dated November 24, 2010, entered into between It Jeans, Inc. (Grantor) and Lender.

2. A security interest in the collateral further described in the Commercial Security Agreement dated April 8, 2015, entered into between The Star Production, Inc. (Grantor) and Lender.

**DESCRIPTION OF CHANGE IN TERMS.** 1. Loan payments for six (6) months from April 1, 2015 through September 1, 2015 payment due will be deferred.

2. Borrower's monthly payment due date is changed to every 15th day of each month from every 1st day of each month for the period of October 2015 payment due through March 2016 payment due effective as of October 15, 2015 payment due.

2. Borrower will make fixed monthly loan payments of \$10,000.00 for six (6) months from October 15, 2015 payment due through March 15, 2016 payment due.

3. Borrower will resume the monthly regular "Principal and Interest" payments from April 1, 2016 payment due.

4. All other terms and conditions shall remain unchanged.

**LOAN COVENANTS & CONDITIONS.**

1. Borrower to provide Lender with monthly Profit and Loss Statement by 15th day of each month beginning October 15, 2015.
2. Borrower to provide Lender with monthly business bank statement by 15th day of each month beginning October 15, 2015.
3. Borrower to provide Lender with quarterly business financial statement by 15th day from each quarter end.

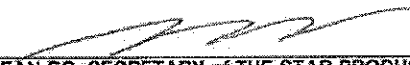
**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. EACH BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**BORROWER:**

THE STAR PRODUCTION, INC.

By:   
KIMMY SONG, PRESIDENT of THE STAR PRODUCTION, INC.

By:   
JEAN RO, SECRETARY of THE STAR PRODUCTION, INC.

IT JEANS, INC.

By:   
KIMMY SONG, PRESIDENT of IT JEANS, INC.


By:   
JEAN RO, SECRETARY of IT JEANS, INC.

**CHANGE IN TERMS AGREEMENT  
(Continued)**

Loan No: 11175

LENDER:

HANA SMALL BUSINESS LENDING, INC.

X   
YUJEANNIE CHUNG, AVP & Loan Officer



5/19/2015



Hana Financial

**CHANGE IN TERMS AGREEMENT**

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$1,799,094.61	11-24-2010	10-01-2020	S1175			JWK	<i>[Signature]</i>

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** THE STAR PRODUCTION, INC.  
IT JEANS, INC.  
5550 UNION PACIFIC AVENUE  
COMMERCE, CA 90022

**Lender:** HANA SMALL BUSINESS LENDING, INC.  
1000 WILSHIRE BOULEVARD, 20TH FLOOR  
LOS ANGELES, CA 90017

**Principal Amount: \$1,799,094.61**

**Date of Agreement: April 8, 2015**

**DESCRIPTION OF EXISTING INDEBTEDNESS.** A loan evidenced by a Note dated November 24, 2010, in the original principal amount of \$2,700,000.00 ("Note"). The current outstanding principal balance is \$1,819,443.57, and current interest paid to date is February 25, 2015.

**DESCRIPTION OF COLLATERAL.** A security interest in the collateral further described in the Commercial Security Agreement dated November 24, 2010, entered into between It Jeans, Inc. (Grantor) and Lender.

**DESCRIPTION OF CHANGE IN TERMS.** 1. "THE STAR PRODUCTION, INC." is added as Co-Borrower of subject Note.

2. A security interest in the collateral further described in the Commercial Security Agreement, dated April 8, 2015, entered into between THE STAR PRODUCTION, INC. (Grantor) and Lender is added as additional collateral.

3. All other terms and conditions shall remain unchanged.

**ASSUMPTION.** THE STAR PRODUCTION, INC. & IT JEANS, INC. hereby assumes each and every right, duty and obligation of IT JEANS, INC. under the terms of the Loan Documents, including without limitation the obligation to pay and perform each, every and all of the obligations set forth in the Note and each, every and all of the obligations set forth in and secured by the Commercial Security Agreement and the Deed of Trust, in accordance with the terms thereof. THE STAR PRODUCTION, INC. & IT JEANS, INC. assumes all liabilities of IT JEANS, INC. as if THE STAR PRODUCTION, INC. & IT JEANS, INC. were an original signatory thereto. The execution of this Agreement by THE STAR PRODUCTION, INC. & IT JEANS, INC. shall be deemed its execution of the Note, the Commercial Security Agreement, the Deed of Trust, and the other Loan Documents.

**CONTINUING VALIDITY.** Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

**PRIOR TO SIGNING THIS AGREEMENT, EACH BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. EACH BORROWER AGREES TO THE TERMS OF THE AGREEMENT.**

**BORROWER:**

THE STAR PRODUCTION, INC.

By: *[Signature]*  
KIMMY SONG, PRESIDENT of THE STAR PRODUCTION, INC.

By: *[Signature]*  
JEAN RO, SECRETARY of THE STAR PRODUCTION, INC.

IT JEANS, INC.

By: *[Signature]*  
KIMMY SONG, PRESIDENT of IT JEANS, INC.

By: *[Signature]*  
JEAN RO, SECRETARY of IT JEANS, INC.

**LENDER:**

HANA SMALL BUSINESS LENDING, INC.

X *[Signature]*  
JEWON-KIM, FVP & TEAM LEADER

EXHIBIT H

7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 107252898315  
File Date : 30-Nov-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	<b>26284272</b>
<b>CACA</b>	
20490 - HANA SMALL BUSINESS LENDING, INC File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME <b>IT JEANS, INC.</b>					
OR	1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS <b>5201-5301 SOUTH SANTA FE AVENUE</b>			CITY <b>VERNON</b>	STATE <b>CA</b>	POSTAL CODE <b>90058</b>
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION <b>CORPORATION</b>	1f. JURISDICTION OF ORGANIZATION <b>CA</b>	1g. ORGANIZATIONAL ID#, if any <b>C2103489</b>	
<input type="checkbox"/> NONE					

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID#, if any	
<input type="checkbox"/> NONE					

3. SECURED PARTY'S (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME <b>Hana Small Business Lending, Inc.</b>					
OR	3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS <b>1000 Wilshire Boulevard, Suite 2000</b>			CITY <b>Los Angeles</b>	STATE <b>CA</b>	POSTAL CODE <b>90017</b>
COUNTRY <b>USA</b>					

4. This FINANCING STATEMENT covers the following collateral:  
**All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property EXCEPT ACCOUNT RECEIVABLE.**

5. ALTERNATE DESIGNATION (if applicable):	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOB	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG.LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (or record) in the REAL ESTATE RECORDS (Attach Addendum if applicable)	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional)		<input type="checkbox"/> All Debtors <input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2			
8. OPTIONAL FILER REFERENCE DATA <b>26284272 SSS-S1175</b>						

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1172762271  
File Date : 08-Jul-2011

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	<b>28984626</b> <b>CALI</b>
20490 - HANA SMALL BUSINESS LENDING, INC. File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>107252898315 11/30/2010 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
--	--

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c, and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.  
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
7c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION
			7g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

All inventory, equipment, accounts (including but not limited to all health-care-insurance receivables), chattel paper, instruments (including but not limited to all promissory notes), letter-of-credit rights, letters of credit, documents, deposit accounts, investment property, money, other rights to payment and performance, and general intangibles (including but not limited to all software and all payment intangibles); all oil, gas and other minerals before extraction; all oil, gas, other minerals and accounts constituting as-extracted collateral; timber to be cut; all attachments, accessions, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to the foregoing property, and all additions, replacements of and substitutions for all or any part of the foregoing property; all insurance refunds relating to the foregoing property; all good will relating to the foregoing property; all records and data and embedded software relating to the foregoing property, and all equipment, inventory and software to utilize, create, maintain and process any such records and data on electronic media; and all supporting obligations relating to the foregoing property; all whether now existing or hereafter arising, whether now owned or hereafter acquired or whether now or hereafter subject to any rights in the foregoing property; and all products and proceeds (including but not limited to all insurance payments) of or relating to the foregoing property.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>Hana Small Business Lending, Inc.</b>			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA <b>28984626</b>	<b>Debtor Name: IT JEANS, INC.</b> <b>SSS-S1175</b>
--	--

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS

**CT Lien Solutions**  
Representation of filing

**This filing is Completed**  
File Number : 1574723299  
File Date : 29-Jun-2015

A. NAME & PHONE OF CONTACT AT FILER (optional) Phone: (800) 331-3282 Fax: (818) 662-4141	
B. E-MAIL CONTACT AT FILER (optional) CLS-CTLS_Glendale_Customer_Service@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 20490 - HANA SMALL	
<input type="checkbox"/> CT Lien Solutions P.O. Box 29071 Glendale, CA 91209-9071	48676299  CALI
File with: Secretary of State, CA	

**THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

1a. INITIAL FINANCING STATEMENT FILE NUMBER 107252898315 11/30/2010 SS CA	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: <u>attach</u> Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
--	--

2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9  
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5.  PARTY INFORMATION CHANGE:

Check one of these two boxes: AND Check one of these three boxes to:

This Change affects  Debtor or  Secured Party of record  CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b and item 7c  ADD name: Complete item 7a or 7b, and item 7c  DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME				
OR	6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8.  COLLATERAL CHANGE: Also check one of these four boxes:  ADD collateral  DELETE collateral  RESTATE covered collateral  ASSIGN collateral

Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)  
If this is an Amendment authorized by a DEBTOR, check here  and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME Hana Small Business Lending, Inc.				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA: Debtor Name: IT JEANS, INC.  
48676299 SSS-S1175

**EXHIBIT I**

7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531397  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317068  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # 9830160482 10/21/1998 SS CA	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DESTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#. If any <input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.

THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME  
HANA FINANCIAL, INC.

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA  
26317068 Debtor Name: IIT JEANS  
UCC A/ 1107/ KTL SBA/ IIT JEANS

7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531414  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317355  CACAA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0002060315 1/12/2000 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for recorder/recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.  
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME				
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME					
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
7c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any	<input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.

THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>HANA FINANCIAL, INC.</b>				
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
26317355 Debtor Name: IT JEANS, INC.  
UCC A/ 1107/ KTL SBA/ IT JEANS



7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531416  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317401  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0024160991 8/21/2000 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) or recorded in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement Identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement Identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.  
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME				
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME					
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX	
7c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any	<input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE); check only one box.  
Describe collateral:  deleted or  added, or give entire  related collateral description, or describe collateral  assigned.

THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.

THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.

9. NAME of SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment); if this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>HANA FINANCIAL, INC.</b>				
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
**26317401 Debtor Name: IT JEANS, INC.  
 UCC A/ 1107/ KTL SBA/ IT JEANS**

7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531418  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317439  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0122660633 8/8/2001 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.  
Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID# if any <input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  related collateral description, or describe collateral  assigned.

**THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.**

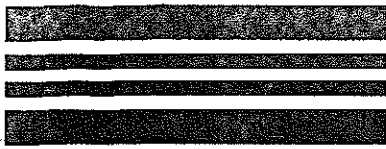
**THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.**

9. NAME of SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>HANA FINANCIAL, INC.</b>			
9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
**Debtor Name: IT JEANS, INC.  
UCC A/ 1107/ KTL SBA/ IT JEANS**

7/8/2011 4:59:07 PM



**UCC FINANCING STATEMENT AMENDMENT**

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531912  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER [optional] <b>Phone: (800) 331-3262 Fax: (618) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317475  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0202460345 1/23/2002 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is <input type="checkbox"/> to be filed (for record) (or recorded) in the REAL ESTATE RECORDS.
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assigner in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party at record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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7d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any
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NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

**THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.**

**THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.**

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment); if this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME  
**HANA FINANCIAL, INC.**

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA

**26317475 Debtor Name: IT JEANS, INC.  
UCC A/1107/ KTL SBA/ IT JEANS**



7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531424  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317524  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0214960310 5/28/2002 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7b-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
7c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID#, if any	<input type="checkbox"/> NONE
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8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.

THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.

9. NAME of SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>HANA FINANCIAL, INC.</b>			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
**Debtor Name: IT JEANS, INC.  
UCC A/ 1107/ KTL SBA/ IT JEANS**

7/8/2011 4:59:07 PM

**UCC FINANCING STATEMENT AMENDMENT**  
FOLLOW INSTRUCTIONS (front and back) CAREFULLY

CT Lien Solutions  
Representation of filing

This filing is Completed  
File Number : 1072531427  
File Date : 02-DEC-2010

A. NAME & PHONE OF CONTACT AT FILER (optional) <b>Phone: (800) 331-3282 Fax: (818) 662-4141</b>	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
CT Lien Solutions P.O. Box 29071 Glendale CA, 91209-9071	26317549  CACA
15400 - File with: Secretary of State, CA	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE # <b>0302460222 1/23/2003 SS CA</b>	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. <input type="checkbox"/>
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2.  TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3.  CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4.  ASSIGNMENT ( full or partial ): Give name of assignee in item 7a or 7b and address in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects  Debtor or  Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party.  DELETE name: Give record name to be deleted in item 6a or 6b.  ADD name: Complete item 7a or 7b and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION

6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION

7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX
7c. MAILING ADDRESS		CITY	STATE POSTAL CODE COUNTRY
7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION
			7g. ORGANIZATIONAL ID#, if any <input type="checkbox"/> NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.  
Describe collateral  deleted or  added, or give entire  restated collateral description, or describe collateral  assigned.

THIS FILING IS FOR THE PURPOSE OF SUBORDINATION.

THE EXISTING SECURED PARTY, HANA FINANCIAL, INC., HEREBY SUBORDINATES TO HANA SMALL BUSINESS LENDING, INC. ALL THE SECURITY INTEREST EXCEPT THE ACCOUNTS RECEIVABLES.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a termination authorized by a Debtor, check here  and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME <b>HANA FINANCIAL, INC.</b>			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA  
**26317549 Debtor Name: IT JEANS, INC. UCC A/ 1107/ KTL SBA/ IT JEANS**

**EXHIBIT J**

## INTER-CREDITOR AND SUBORDINATION AGREEMENT

**NOTICE: THIS SUBORDINATION AGREEMENT MAY RESULT IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This INTER-CREDITOR AND SUBORDINATION AGREEMENT is dated for reference purposes and entered into as of March 11, 2015, among **HANA SMALL BUSINESS LENDING, INC.**, a Delaware Corporation ("Lender"), **HANA FINANCIAL, INC.**, a California Corporation ("Creditor"), and **THE STAR PRODUCTION**, ("Borrower").

### 1. RECITALS

- 1.1 Creditor represents that Borrower is indebted to Creditor in connection with the purchase of Borrower's business and Creditor perfected its security interest in its collateral ("Creditor's Collateral"), as described in a Security Agreement and UCC-1 Financing Statement, which UCC-1 Financing Statement was filed with the California Secretary of State on 5/02/2013 as instrument number 137358883460.
- 1.2 Lender has extended credit ("Credit") to Borrower in an aggregated amount of **Two Million Seven Hundred Thousand Dollars (\$2,700,000)**. Repayment of the Credit is secured by, among other things, a security interest granted to Creditor by Borrower in certain Borrower's assets.
- 1.3 Creditor has agreed to subordinate its priority of its claims to repayment of debt and priority of security interests in the assets of Borrower to Lender except **Accounts Receivables**.

**NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL BENEFITS ACCRUING TO THE PARTIES HERETO AND OTHER VALUABLE CONSIDERATION THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES HERETO DECLARE, UNDERSTAND AND AGREE TO THE FOLLOWING TERMS.**

### 2. DEFINITIONS

- 2.1 **Accounts.** The term "Accounts" shall mean all presently existing and hereafter arising accounts, as such term is defined in the "UCC," including, without limitation, all proceeds, in whatever form, from the collection of Accounts, and all credit insurance, guaranties, and other security therefore, together with Borrower's books relating to any of the foregoing.
- 2.2 **Lender's Collateral.** For purposes of this Agreement, the term "Lender's Collateral" shall mean all personal property, whether now existing or hereafter created Accounts, Chattel Paper, Deposit Accounts, Equipment, General Intangibles, Instruments, Inventory, and Investment Property, for the personal property related to the Borrower's assets.
- 2.3 **Chattel Paper.** The term "Chattel Paper" shall mean all chattel paper, as such term is defined in the UCC, whether now existing or hereinafter acquired, including, without limitation, leases, contracts, contracts now or hereinafter assigned to Borrower, and any other writing or writings which evidence a monetary obligation and a security interest in goods, all proceeds of any of the foregoing and Borrower's books relating to any of the foregoing.
- 2.4 **Deposit Accounts.** The term "Deposit Accounts" shall mean all deposit accounts, as such term is defined in the UCC, whether now existing or hereinafter acquired and all proceeds thereof.
- 2.5 **Equipment.** The term "Equipment" shall mean all of Borrower's present and hereafter acquired equipment, as such term is defined in the "UCC," including, without limitation, all machinery, machine tools, motors, furniture, furnishings, fixtures, tools, parts, dies, jigs, and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located.

**2.6 General Intangibles.** The term "General Intangibles" shall mean all of Borrower's present and future general intangibles, as such term is defined in the UCC, including, without limitation, contract rights, leases, insurance policies, guaranties, releases, any monies due from a factor, claims, choses or things in action, goodwill, patents, trade names, trademarks, service marks, rights arising under patent, copyright and trademark law, blueprints, drawings, purchase orders, customer lists, monies due or recoverable from pension funds, route lists, infringement claims, computer programs, computer disks, computer tapes, literature, reports, catalogs, tax refunds and tax refund claims, all proceeds of any of the foregoing and Borrower's books relating to any of the foregoing.

**2.7 Instruments.** The term "Instruments" shall mean all instruments, as such term is defined in the UCC, whether now existing or hereinafter acquired, including, without limitation, negotiable instruments, letters of credit, notes, drafts, documents of title, and any other writing which evidences a right to the payment of money, all proceeds of any of the foregoing and Borrower's books relating to any of the foregoing.

**2.8 Inventory.** The term "Inventory" shall mean all inventory, as such term is defined in the UCC, whether now existing or hereinafter acquired, including, without limitation, all goods held by Borrower for sale or lease or to be furnished under a contract of service, all raw materials, work in progress, finished goods, packing and shipping materials, all goods returned or reclaimed relating to the foregoing, and all documents of title representing any of the foregoing, all proceeds of any of the foregoing and Borrower's books relating to any of the foregoing.

**2.9 Investment Property.** The term "Investment Property" shall mean all investment property, as such term is defined in the UCC, whether now existing or hereinafter acquired, including, without limitation, all securities whether certificated or uncertificated, all securities accounts, all securities entitlements, and all proceeds of any of the foregoing and Borrower's books relating to any of the foregoing..

### 3. **SUBORDINATION OF LIENS ON COLLATERAL**

**3.1 Priority of Lender's Lien.** Creditor hereby subordinates any and all security interests with exception to **Accounts Receivables**, including purchase money security interests, which Creditor now has or hereafter acquires in Lender's Collateral, to the security interests which Lender has or may hereafter acquire in the Lender's Collateral. In this regard, Creditor agrees that it will not enforce or apply its security interests in the Lender's Collateral, or in any manner interfere with Lender's security interests in the Lender's Collateral unless and until Lender has advised Creditor, in writing, that the indebtedness owed by Borrower to Lender has been fully satisfied. After the amounts payable by Borrower to Lender are satisfied in full, Lender shall turn over to Creditor, subject to any court order, all Lender's Collateral or surplus proceeds in Lender's Collateral remaining in Lender's possession.

**3.2 Order of Attachment or Perfection.** The subordinations and priorities specified herein are applicable irrespective of the time or order of attachment or perfection of the security interests referred to herein, the time or order of filing of financing statements, or the acquisition of or time of giving or failing to give notice of the acquisition or expected acquisition of purchase money or other security interests.

### 4. **SUBORDINATION OF CLAIMS.**

#### 4.1 **Priority of Obligations.**

**4.1.1 Priority of Lender.** Lender's claim to proceeds realized or received by Borrower from the sale, collection, liquidation, or other disposition of Lender's Collateral shall have priority over Creditor's claim to such proceeds.

**4.2 Payments Received by Creditor.** Any proceeds from Lender's Collateral collected or received by Creditor in violation of this Agreement shall be deemed to have been collected or received by Creditor as trustee for Lender and on demand by Lender, shall be paid over to Lender immediately on account of the obligations due and owing by Borrower to Lender but without affecting in any manner Creditor's liability under any of the provisions of this Agreement.



## 5. DUTY TO FILE CLAIMS IN BANKRUPTCY

**5.1 Creditor's Duty.** Should it become necessary in any Bankruptcy or other proceedings or in connection with any assignment for the benefit of Borrower's creditors or the execution by Borrower of any other creditors' agreement, or the dissolution of Borrower or the winding up of Borrower's business, for Creditor to file one or more claims against Borrower on account of or arising in connection with Lender's Collateral or proceeds thereof, Creditor agrees hereby to file such claim or claims necessary to perfect a claim and will assign to Lender all of Creditor's rights thereunder. If for any reason Creditor does not file such claim, Lender shall have the right as Creditor's agent and attorney in fact, to sign and file such proof of claim in Creditor's name or, in Lender's discretion, to assign the claim and to file proof thereof in the name of Lender or its nominee. In all cases referred to in this section the person or persons in charge, including each officer of Borrower, assignee, trustee, trustee in Bankruptcy, receiver or other person, is hereby directed to pay to Lender the full amount of collections or proceeds from Lender's Collateral to the extent of the Loan then outstanding before making any payment of such collections or proceeds to Creditor and to the full extent necessary for that purpose, Creditor hereby assigns to Lender all of its rights to any payment or distributions of collections or proceeds from Lender's Collateral.

**5.2 Representations and Warranties of Creditor.** Creditor hereby represents and warrants that it has not and will not, while this Agreement is in effect, enter into any agreement of any kind which is inconsistent or would conflict with the provisions of this Agreement and in particular that Creditor has not made and will not make any assignment of any present or future claim against Borrower or any agreement which in any other way gives to others any rights which would be superior or prior to the rights given by Borrower to Creditor or by which Lender's right or the right of Creditor to collect, enforce or receive payment under the Credit or Loan, respectively, might be suspended, postponed or in any way subordinated to any claim of any other creditor of Borrower or of any other person.

## 6. REPRESENTATIONS AND WARRANTIES

### 6.1 Representations and Warranties of Lender.

**6.1.1 Other Agreements.** Lender hereby represents and warrants that it has not and will not, while this Agreement is in effect, enter into any agreement of any kind which is inconsistent or would conflict with the provisions of this Agreement and in particular that Lender has not made and will not make any assignment of any present or future claim against Borrower or any agreement which in any other way gives to others any rights which would be superior or prior to the rights hereby given by Borrower to Creditor or by which Creditor's right or the right of Lender to collect, enforce or receive payment under the Loan or Credit, respectively, might be suspended, postponed or in any way subordinated to any claim of any other creditor of Borrower or of any other person.

**6.1.2 Defaults.** Lender represents and warrants that at the time of the execution of this Agreement Lender has not accepted payment from Borrower except as provided herein and that Borrower, to the best of Creditor's knowledge, is not in default under the terms of the Credit except as disclosed in writing to Creditor.

## 7. MISCELLANEOUS PROVISIONS

**7.1 Default.** In the event that any party to this Agreement breaches any term or condition of this Agreement including, without limitation, if either Lender or Creditor retains payments or collections in violation of Section 3.2 the other parties to this Agreement shall have all rights at law and in equity to enforce the terms of this Agreement including, without limitation, the right to recover in damages for all losses caused by the defaulting party hereunder.

**7.2 Effectiveness and Condition Precedent.** The subordinations, agreements and priorities set forth herein shall remain in full force and effect regardless of whether any party hereto in the future seeks to rescind, amend, terminate or reform, by litigation or otherwise, its respective agreements with Borrower. The subordinations, agreements and priorities set forth herein are expressly conditioned upon the

non-avoidability and perfection of the security interest to which the other security interest is subordinated and if the security interest to which another security interest is subordinated is not perfected or is avoidable, for any reason, then the subordinations provided for herein shall not be effective as to that particular portion of the collateral described herein.

**7.3 Time of the Essence.** Time is hereby declared to be of the essence of this Agreement and of every part hereof.

**7.4 Notices.** All notices and demands hereunder shall be in writing and shall be deemed to have been given when actually received and receipted for, or when mailed by registered or certified mail, return receipt requested, postage prepaid and addressed in each case to the parties at the addresses set forth below. Borrower, Lender or Creditor may change its address for giving notices or demands hereunder by written notice of such change to the other party in accordance with the provisions hereof.

**7.5 Entire Agreement; Amendment.** This Agreement and any agreements, instruments or documents referred to herein constitute the entire agreement between Lender, Creditor and Borrower regarding the subject matter hereof, and all prior and/or contemporaneous communications, verbal or written, between Lender, Creditor and Borrower regarding the subject matter hereof shall be of no further effect or evidentiary value. This Agreement can be amended only by a written agreement executed by duly authorized representatives of Lender, Creditor and Borrower.

**7.6 Construction of Agreement.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Lender, Creditor or Borrower, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

**7.7 Severability.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

**7.8 Headings.** All section headings and section numbers have been set forth herein for convenience of reference only, and shall not limit or affect the meaning or interpretation of any section hereof.

**7.9 Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties.

**7.10 Governing Law.** This Agreement and all other agreements and instruments required by Lender in connection herewith shall be governed by and construed in accordance with the laws of the State of California.

**7.11 Counterpart Execution.** This Agreement may be executed in several counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same Agreement.

**7.12 Attorneys' Fees.** In the event of any party to this Agreement shall be required to commence any action or proceeding against any other party by reason of any breach or claimed breach of any provision of this Agreement, to commence any action in any way connected with this Agreement, or to seek a judicial declaration of rights under this Agreement, the party prevailing in such action or proceeding shall be entitled to recover from the other party, or parties, the prevailing party's reasonable attorneys' fees and costs including, without limitation, all witness fees and associated expenses, including matters on appeal whether or not the proceeding or action proceeds to judgment.

IN WITNESS WHEREOF, this Agreement is executed on behalf of the parties' duly authorized representatives on the date(s) indicated below and effective as of the date set forth above.

Date \_\_\_\_\_


Date \_\_\_\_\_


**CREDITOR:**

**LENDER:**

**HANA FINANCIAL, INC.**  
a California Corporation

**HANA SMALL BUSINESS LENDING, INC.**  
a Delaware corporation

By   
Name Young Shim  
Title EVP

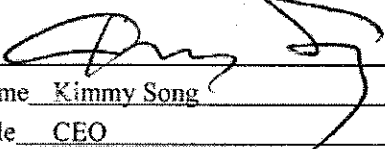
By   
Name Jino Lee  
Title SVP & SBA Manager


*Hana Financial, Inc.*  
1000 Wilshire Blvd., 20th Floor  
Los Angeles, California 90017

*Hana Small Business Lending, Inc.*  
1000 Wilshire Blvd., 20th Floor  
Los Angeles, California 90017

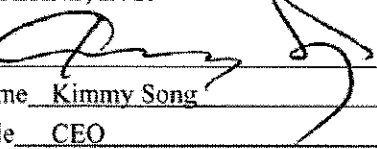
**BORROWER:**

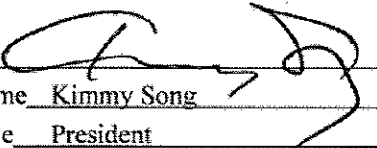
**THE STAR PRODUCTION**


By   
Name Kimmy Song  
Title CEO

By   
Name Jean Ro  
Title President/Secretary

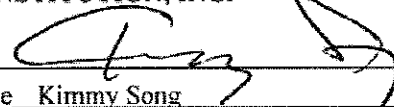
**IT JEANS, INC.**

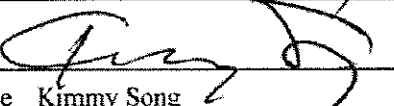
By   
Name Kimmy Song  
Title CEO

By   
Name Kimmy Song  
Title President

By   
Name Jean Ro  
Title Secretary

IT INSTITUTION, INC.

By   
Name Kimmy Song  
Title CEO

By   
Name Kimmy Song  
Title President

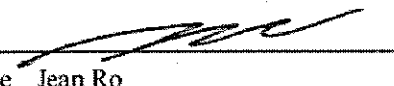
By   
Name Jean Ro  
Title Secretary

EXHIBIT K

A0780944

3265562 SURV

It Institution, Inc.

FILED *JMC*  
Secretary of State *DJY*  
State of California

Certificate of Ownership

FEB 08 2016

*See lpc*

Kimmy Song and Jean Ro certify that:

1. They are the **chief executive officer** and the **secretary**, respectively, of It Institution, Inc., a California corporation.
2. This corporation owns 100% of the outstanding shares of **Item Denim, Inc.**, a California corporation.
3. This corporation owns 100% of the outstanding shares of **It Jeans, Inc.**, a California corporation.
4. This corporation owns 100% of the outstanding shares of **It Shoppe, Inc.**, a California corporation.
5. This corporation owns 100% of the outstanding shares of **The Star Production, Inc.**, a California corporation.
6. The board of directors of this corporation duly adopted the following resolution:

RESOLVED, that this corporation merge the following of its wholly-owned subsidiary corporations into itself and assume all of such wholly-owned subsidiary corporations' obligations pursuant to California Corporations Code section 1110:

- 1) **Item Denim, Inc.**, its wholly-owned subsidiary corporation;
- 2) **It Jeans, Inc.**, its wholly-owned subsidiary corporation;
- 3) **It Shoppe, Inc.**, its wholly-owned subsidiary corporation,  
and
- 4) **The Star Production**, its wholly-owned subsidiary corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: January 22, 2016

  
\_\_\_\_\_  
Kimmy Song, Chief Executive Officer

  
\_\_\_\_\_  
Jean Ro, Secretary

EXHIBIT L

A0781461

3265562

FILED JRM  
Secretary of State  
State of California

FEB 29 2016

It Institution, Inc.

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF INCORPORATION

3cc

January 23, 2016

The undersigned certify that:

1. They are the chief executive officer and the secretary, respectively, of **It Institution, Inc.**, a California corporation.
2. Article I of the Articles of Incorporation of this corporation is amended to read in its entirety as follows:

"Article I

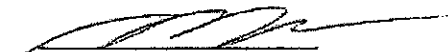
The name of this corporation is **TMOV, Inc.**"

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporation Code. The total number of outstanding shares of the corporation is 10,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: January 23, 2016


  
Kimmy Song, Chief Executive Officer

  
Jean Ro, Secretary

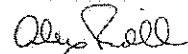




I hereby certify that the foregoing transcript of 1 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

MAR 04 2016 

Date: \_\_\_\_\_



ALEX PADILLA, Secretary of State

EXHIBIT M

Fill in this information to identify the case:

Debtor name TMOV, Inc.

United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA

Case number (if known) 2:16-bk-13649-SK

Check if this is an amended filing

### Official Form 206A/B

## Schedule A/B: Assets - Real and Personal Property

12/15

Disclose all property, real and personal, which the debtor owns or in which the debtor has any other legal, equitable, or future interest. Include all property in which the debtor holds rights and powers exercisable for the debtor's own benefit. Also include assets and properties which have no book value, such as fully depreciated assets or assets that were not capitalized. In Schedule A/B, list any executory contracts or unexpired leases. Also list them on Schedule G: Executory Contracts and Unexpired Leases (Official Form 206G).

Be as complete and accurate as possible. If more space is needed, attach a separate sheet to this form. At the top of any pages added, write the debtor's name and case number (if known). Also identify the form and line number to which the additional information applies. If an additional sheet is attached, include the amounts from the attachment in the total for the pertinent part.

For Part 1 through Part 11, list each asset under the appropriate category or attach separate supporting schedules, such as a fixed asset schedule or depreciation schedule, that gives the details for each asset in a particular category. List each asset only once. In valuing the debtor's interest, do not deduct the value of secured claims. See the instructions to understand the terms used in this form.

#### Part 1: Cash and cash equivalents

1. Does the debtor have any cash or cash equivalents?

No. Go to Part 2.

Yes Fill in the information below.

All cash or cash equivalents owned or controlled by the debtor

Current value of debtor's interest

3. Checking, savings, money market, or financial brokerage accounts (Identify all)  
Name of institution (bank or brokerage firm) Type of account

Last 4 digits of account number

3.1.	<u>Pacific City Bank</u> <u>Downtown Los Angeles branch</u>	<u>Checking account</u>	<u>6427</u>	<u>\$1,822.75</u>
------	--	-------------------------	-------------	-------------------

3.2.	<u>Wilshire Bank</u> <u>Mid Wilshire branch</u>	<u>Checking account</u>	<u>4903</u>	<u>\$1,414.74</u>
------	--	-------------------------	-------------	-------------------

4. Other cash equivalents (Identify all)

5. Total of Part 1.

Add lines 2 through 4 (including amounts on any additional sheets). Copy the total to line 80.

**\$3,237.49**

#### Part 2: Deposits and Prepayments

6. Does the debtor have any deposits or prepayments?

No. Go to Part 3.

Yes Fill in the information below.

#### Part 3: Accounts receivable

10. Does the debtor have any accounts receivable?

No. Go to Part 4.

Yes Fill in the information below.

#### Part 4: Investments

Official Form 206A/B

Schedule A/B Assets - Real and Personal Property

page 1

Debtor TMOV, Inc.  
Name

Case number (if known) 2:16-bk-13649-SK

13. Does the debtor own any investments?

- No. Go to Part 5.  
 Yes Fill in the information below.

**Part 5: Inventory, excluding agriculture assets**

18. Does the debtor own any inventory (excluding agriculture assets)?

- No. Go to Part 6.  
 Yes Fill in the information below.

General description	Date of the last physical inventory	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
19. Raw materials				
20. Work in progress				
21. Finished goods, including goods held for resale Finished goods for Kasil, LLC		Unknown		\$6,705.00
Finished goods for iTem Denim, Inc.		Unknown		\$16,414.00
Finished goods for The Star Production, Inc.		Unknown		\$16,716.00

22. Other inventory or supplies

23. Total of Part 5.

Add lines 19 through 22. Copy the total to line 84.

\$39,835.00

24. Is any of the property listed in Part 5 perishable?

- No  
 Yes

25. Has any of the property listed in Part 5 been purchased within 20 days before the bankruptcy was filed?

- No  
 Yes. Book value \_\_\_\_\_ Valuation method \_\_\_\_\_ Current Value \_\_\_\_\_

26. Has any of the property listed in Part 5 been appraised by a professional within the last year?

- No  
 Yes

**Part 6: Farming and fishing-related assets (other than titled motor vehicles and land)**

27. Does the debtor own or lease any farming and fishing-related assets (other than titled motor vehicles and land)?

- No. Go to Part 7.  
 Yes Fill in the information below.

**Part 7: Office furniture, fixtures, and equipment; and collectibles**

38. Does the debtor own or lease any office furniture, fixtures, equipment, or collectibles?

- No. Go to Part 8.  
 Yes Fill in the information below.

Debtor TMOV, Inc. Case number (if known) 2:16-bk-13649-SK  
 Name

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
39. Office furniture 24 desks; 30 cabinets; 37 file cabinets; 24 drawers; 13 book cases; 7 meeting tables; 21 shipping tables; and 65 chairs	Unknown		\$3,730.00
40. Office fixtures			
41. Office equipment, including all computer equipment and communication systems equipment and software 10 notebook computers; 8 desktop computers; and 3 servers	Unknown		\$4,800.00
42. Collectibles <i>Examples:</i> Antiques and figurines; paintings, prints, or other artwork; books, pictures, or other art objects; china and crystal; stamp, coin, or baseball card collections; other collections, memorabilia, or collectibles			
43. Total of Part 7. Add lines 39 through 42. Copy the total to line 86.			\$8,530.00
44. Is a depreciation schedule available for any of the property listed in Part 7? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			
45. Has any of the property listed in Part 7 been appraised by a professional within the last year? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes			

**Part 8: Machinery, equipment, and vehicles**

46. Does the debtor own or lease any machinery, equipment, or vehicles?

- No. Go to Part 9.  
 Yes Fill in the information below.

General description Include year, make, model, and identification numbers (i.e., VIN, HIN, or N-number)	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
47. Automobiles, vans, trucks, motorcycles, trailers, and titled farm vehicles			
47.1. 2005 Chevy Astro van 104,000 miles	Unknown	Pink Slip	\$2,500.00
48. Watercraft, trailers, motors, and related accessories <i>Examples:</i> Boats, trailers, motors, floating homes, personal watercraft, and fishing vessels			
49. Aircraft and accessories			
50. Other machinery, fixtures, and equipment (excluding farm machinery and equipment)			

Debtor TMOV, Inc. Case number (if known) 2:16-bk-13649-SK  
 Name

7 single needle sewing machines; 2 overlock machines; 1 double needle machines; 2 caballo machines; 1 waist band machine; 2 keyhole machines; 1 embroidery machine; 3 bar tack machines; 1 multineedle machine; 1 cover stitch machine; 1 zigzag machine; 1 walking foot machine; 3 standard button machines; 1 silk screen machine; 1 oven, 1 heat transfer machine; 2 cutting machines; 1 home machine; 1 water heater; 3 clothing irons; 2 plotter machines; 1 digitizing table; and 1 cutting table

Unknown

\$13,265.00

51. Total of Part 8.

Add lines 47 through 50. Copy the total to line 87.

\$15,765.00

52. Is a depreciation schedule available for any of the property listed in Part 8?

- No  
 Yes

53. Has any of the property listed in Part 8 been appraised by a professional within the last year?

- No  
 Yes

**Part 9: Real property**

54. Does the debtor own or lease any real property?

- No. Go to Part 10.  
 Yes Fill in the information below.

**Part 10: Intangibles and intellectual property**

59. Does the debtor have any interests in intangibles or intellectual property?

- No. Go to Part 11.  
 Yes Fill in the information below.

General description	Net book value of debtor's interest (Where available)	Valuation method used for current value	Current value of debtor's interest
60. Patents, copyrights, trademarks, and trade secrets Trademark: IiT Country: Kuwait Registration date: June 17, 2009 Renewal Date: June 17, 2019	Unknown	N/A	\$500.00
Trademark: IiT Country: Oman Registration date: June 14, 2009 Renewal Date: June 14, 2019	Unknown	N/A	\$500.00
Trademark: IiT Country: Bahrain Registration date: June 14, 2009 Renewal Date: June 14, 2019	Unknown	N/A	\$500.00

Debtor Name	Case number (if known)		
<b>TMOV, Inc.</b>	<b>2:16-bk-13649-SK</b>		
Trademark: !IT Country: China (People's Republic) Registration date: May 13, 2012 Renewal Date: May 12, 2022	Unknown	N/A	\$500.00
Trademark: !IT Country: Japan Registration date: July 27, 2012 Renewal Date: July 27, 2022	Unknown	N/A	\$500.00
Trademark: !IT Country: USA Registration date: January 5, 2010 Renewal Date: January 5, 2020	Unknown	N/A	\$500.00
Trademark: !IT Country: Korea (Republic of Korea) Registration date: October 8, 2008 Renewal date: October 8, 2020	Unknown	N/A	\$500.00
Trademark: !IT in Brackets and Design Country: USA Registration date: July 6, 2010 Renewal Date: July 6, 2020	Unknown	N/A	\$500.00
Trademark: Los [!IT] Angeles Country: USA Registration date: January 4, 2011 Renewal date: January 4, 2021	Unknown	N/A	\$500.00
Trademark: Los [!IT] Angeles Country: Korea Registration date: August 17, 2011 Renewal Date: August 17, 2021	Unknown	N/A	\$500.00
Trademark: !ITem Country: Australia Registration date: February 20, 2012 Renewal date: August 19, 2021	Unknown	N/A	\$500.00
Trademark: !ITem Country: European Union Registration date: December 22, 2011 Renewal date: July 18, 2021	Unknown	N/A	\$500.00
Trademark: !ITem Country: Japan Registration date: December 2, 2011 Renewal date: December 2, 2021	Unknown	N/A	\$500.00

Debtor TMOV, Inc. Case number (if known) 2:16-bk-13649-SK  
 Name

Trademark: lITem  
 Country: New Zealand  
 Registration date: March 16, 2011  
 Renewal date: March 16, 2021  
 Unknown N/A \$500.00

Trademark: lITem  
 Country: Switzerland  
 Registration date: February 23, 2012  
 Renewal date: September 14, 2021  
 Unknown N/A \$500.00

Trademark: lITem  
 Country: China (Hong Kong)  
 Registration date: March 25, 2011  
 Renewal date: March 24, 2021  
 Unknown N/A \$500.00

Trademark: Cham Korean Bistro  
 Country: USA  
 Registration date: June 29, 2010  
 Renewal date: June 29, 2020  
 Unknown N/A \$500.00

Trademark: Cham Design  
 Country: USA  
 Registration date: July 13, 2010  
 Renewal date: July 13, 2020  
 Unknown N/A \$500.00

Trademark: It Shoppe  
 Country: Japan  
 Registration date: January 28, 2011  
 Renewal date: January 28, 2021  
 Unknown N/A \$500.00

Trademark: Kasil Workshop  
 Country: Korea  
 Registration date:  
 Renewal date:  
 Unknown N/A \$500.00

Trademark: S.O.N.G.  
 Country: USA  
 Registration date: December 6, 2011  
 Renewal date: December 6, 2021  
 Unknown N/A \$500.00

Trademark: SONG of lIT  
 Country: USA  
 Registration date: September 14, 2010  
 Renewal date: September 14, 2020  
 Unknown N/A \$500.00

61. Internet domain names and websites
62. Licenses, franchises, and royalties
63. Customer lists, mailing lists, or other compilations
64. Other intangibles, or intellectual property
65. Goodwill



Debtor TMOV, Inc.  
Name

Case number (if known) 2:16-bk-13649-SK

66. **Total of Part 10.**  
Add lines 60 through 65. Copy the total to line 89.

<u>\$11,000.00</u>
--------------------

67. **Do your lists or records include personally identifiable information of customers (as defined in 11 U.S.C. §§ 101(41A) and 107)?**  
 No  
 Yes

68. **Is there an amortization or other similar schedule available for any of the property listed in Part 10?**  
 No  
 Yes

69. **Has any of the property listed in Part 10 been appraised by a professional within the last year?**  
 No  
 Yes

**Part 11: All other assets**

70. **Does the debtor own any other assets that have not yet been reported on this form?**  
Include all interests in executory contracts and unexpired leases not previously reported on this form.

- No. Go to Part 12.  
 Yes Fill in the information below.

Debtor TMOV, Inc. Case number (if known) 2:16-bk-13649-SK  
 Name

**Part 12: Summary**

In Part 12 copy all of the totals from the earlier parts of the form

Type of property	Current value of personal property	Current value of real property
80. Cash, cash equivalents, and financial assets. <i>Copy line 5, Part 1</i>	\$3,237.49	
81. Deposits and prepayments. <i>Copy line 9, Part 2.</i>	\$0.00	
82. Accounts receivable. <i>Copy line 12, Part 3.</i>	\$0.00	
83. Investments. <i>Copy line 17, Part 4.</i>	\$0.00	
84. Inventory. <i>Copy line 23, Part 5.</i>	\$39,835.00	
85. Farming and fishing-related assets. <i>Copy line 33, Part 6.</i>	\$0.00	
86. Office furniture, fixtures, and equipment; and collectibles. <i>Copy line 43, Part 7.</i>	\$8,530.00	
87. Machinery, equipment, and vehicles. <i>Copy line 51, Part 8.</i>	\$15,765.00	
88. Real property. <i>Copy line 56, Part 9.</i> .....>		\$0.00
89. Intangibles and intellectual property. <i>Copy line 66, Part 10.</i>	\$11,000.00	
90. All other assets. <i>Copy line 78, Part 11.</i>	+ \$0.00	
91. Total. Add lines 80 through 90 for each column	\$78,367.49	+ 91b. \$0.00
92. Total of all property on Schedule A/B. Add lines 91a+91b=92		\$78,367.49

EXHIBIT N

Fill in this information to identify the case:

Debtor name TMOV, Inc.  
United States Bankruptcy Court for the: CENTRAL DISTRICT OF CALIFORNIA  
Case number (if known) 2:16-bk-13649-SK

Check if this is an amended filing

Official Form 206D

**Schedule D: Creditors Who Have Claims Secured by Property**

12/15

Be as complete and accurate as possible.

1. Do any creditors have claims secured by debtor's property?

No. Check this box and submit page 1 of this form to the court with debtor's other schedules. Debtor has nothing else to report on this form.

Yes. Fill in all of the information below.

**Part 1: List Creditors Who Have Secured Claims**

2. List in alphabetical order all creditors who have secured claims. If a creditor has more than one secured claim, list the creditor separately for each claim.

Column A	Column B
Amount of claim	Value of collateral that supports this claim
Do not deduct the value of collateral.	
<b>\$2,927,898.16</b>	<b>\$0.00</b>

**2.1 Hana Financial, Inc.**  
Creditor's Name  
**1000 Wilshire Boulevard,  
Suite 2000  
Los Angeles, CA 90017**  
Creditor's mailing address

Describe debtor's property that is subject to a lien  
**Purchase order loan**

Creditor's email address, if known

Date debt was incurred  
**February 1, 2012**  
Last 4 digits of account number

Do multiple creditors have an interest in the same property?  
 No  
 Yes. Specify each creditor, including this creditor and its relative priority.

Describe the lien

Is the creditor an insider or related party?

No  
 Yes  
Is anyone else liable on this claim?

No  
 Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply  
 Contingent  
 Unliquidated  
 Disputed

**2.2 Hana Financial, Inc.**  
Creditor's Name  
**1000 Wilshire Boulevard,  
Suite 2000  
Los Angeles, CA 90017**  
Creditor's mailing address

Describe debtor's property that is subject to a lien  
**Trust Receipt loan**

**\$922,799.19**      **\$0.00**

Creditor's email address, if known

Date debt was incurred  
**September 15, 2011**  
Last 4 digits of account number

Do multiple creditors have an interest in the same property?

Describe the lien

Is the creditor an insider or related party?

No  
 Yes  
Is anyone else liable on this claim?

No  
 Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
Check all that apply

Debtor TMOV, Inc. Case number (if know) 2:16-bk-13649-SK  
Name

- No  
 Yes. Specify each creditor, including this creditor and its relative priority.
- Contingent  
 Unliquidated  
 Disputed

**2.3 Hana Small Business Lending**

Creditor's Name  
**1000 Wilshire Boulevard,  
 Suite 2000  
 Los Angeles, CA 90017**  
Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**December 1, 2013**  
Last 4 digits of account number  
**1175**

Do multiple creditors have an interest in the same property?  
 No  
 Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien  
**SBA loan**

**\$1,754,962.92** **\$0.00**

Describe the lien

Is the creditor an insider or related party?

- No  
 Yes  
Is anyone else liable on this claim?  
 No  
 Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
 Check all that apply  
 Contingent  
 Unliquidated  
 Disputed

**2.4 Universal Tax Services**

Creditor's Name  
**9177 Las Tunas Drive,  
 Suite 200  
 Temple City, CA  
 91780-1937**  
Creditor's mailing address

Creditor's email address, if known

Date debt was incurred  
**January 1, 2013**  
Last 4 digits of account number

Do multiple creditors have an interest in the same property?  
 No  
 Yes. Specify each creditor, including this creditor and its relative priority.

Describe debtor's property that is subject to a lien  
**Tax services**

**\$81,222.81** **\$0.00**

Describe the lien  
**Judgment Lien**

Is the creditor an insider or related party?

- No  
 Yes  
Is anyone else liable on this claim?  
 No  
 Yes. Fill out *Schedule H: Codebtors* (Official Form 206H)

As of the petition filing date, the claim is:  
 Check all that apply  
 Contingent  
 Unliquidated  
 Disputed

**2.5 VND Clothing Company, Inc.**

Creditor's Name  
**1438 East Valencia Drive  
 Fullerton, CA 92831**  
Creditor's mailing address

Describe debtor's property that is subject to a lien  
**Finished garments**

**\$822,012.52** **\$0.00**

Describe the lien  
**Judgment Lien**

Debtor TMOV, Inc. Case number (if known) 2:16-bk-13649-SK  
Name

Is the creditor an insider or related party?

No

Yes

Is anyone else liable on this claim?

No

Yes. Fill out *Schedule H: Codebtors* (Official Form 208H)

Creditor's email address, if known

Date debt was incurred

**December 7, 2015**

Last 4 digits of account number

Do multiple creditors have an interest in the same property?

No

Yes. Specify each creditor, including this creditor and its relative priority.

As of the petition filing date, the claim is:

Check all that apply

Contingent

Unliquidated

Disputed

3. Total of the dollar amounts from Part 1, Column A, including the amounts from the Additional Page, if any.

**\$6,508,895.60**

**Part 2: List Others to Be Notified for a Debt Already Listed in Part 1**

List in alphabetical order any others who must be notified for a debt already listed in Part 1. Examples of entities that may be listed are collection agencies, assignees of claims listed above, and attorneys for secured creditors.

If no others need to be notified for the debts listed in Part 1, do not fill out or submit this page. If additional pages are needed, copy this page.

Name and address

On which line in Part 1 did you enter the related creditor?

Last 4 digits of account number for this entity

Hana Financial, Inc.  
P.O. Box 92943  
Los Angeles, CA 90009

Line 2.2

Hana Financial, Inc.  
1000 Wilshire Boulevard, 20th Floor  
Los Angeles, CA 90017

Line 2.2

Hana Financial, Inc.  
1055 Wilshire Boulevard, Suite 1717  
Los Angeles, CA 90017

Line 2.2

Universal Tax Services, Inc.  
c/o Tappan Zee, Esquire  
Zee Law Group, P.C.  
9660 Telstar Avenue  
El Monte, CA 91731

Line 2.4

VND Clothing, Inc.  
c/o David L. Prince, Esquire  
1912 East Vernon Avenue, Suite 100  
Los Angeles, CA 90058

Line 2.5

1 **NOTE:** When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in  
2 Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on  
the CM/ECF docket.

3 **PROOF OF SERVICE OF DOCUMENT**

4 I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address  
is: 10801 National Boulevard, Suite 100, Los Angeles, California 90064.

5 The foregoing document described "**MOTION FOR ORDER (1) AUTHORIZING SALE OF CERTAIN  
6 PERSONAL PROPERTY, OUTSIDE OF THE ORDINARY COURSE OF BUSINESS UNDER 11 U.S.C. §363(b),  
7 AND FREE AND CLEAR OF ANY INTEREST UNDER 11 U.S.C. §363(f); (2) AUTHORIZING DEBTOR TO USE  
8 SALE PROCEEDS TO PAY CERTAIN CLAIMS; (3) FINDING THAT PROPOSED PURCHASER IS A GOOD  
9 FAITH PURCHASER UNDER 11 U.S.C. §363(m); AND (4) WAIVING 14-DAY STAY PERIOD UNDER FRBP  
10 6004(h); MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION(S) AND EXHIBIT(S) IN  
11 SUPPORT THEREOF**" will be served or was served (a) on the judge in chambers in the form and manner  
required by LBR 5005-2(d); and (b) in the manner indicated below:

12 **I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling  
13 General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via  
14 NEF and hyperlink to the document. On **December 9, 2016**, I checked the CM/ECF docket for this bankruptcy  
15 case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List  
16 to receive NEF transmission at the email address(es) indicated below:

- 17 Raymond H. Aver ray@averlaw.com
- 18 Brian W Byun bbyun@ci.vernon.ca.us
- 19 Raffi Khatchadourian raffi@hemar-rousso.com
- 20 Dare Law dare.law@usdoj.gov, ron.maroko@usdoj.gov
- 21 Robert S Marticello Rmarticello@swelawfirm.com,  
22 csheets@swelawfirm.com;gcruz@swelawfirm.com;hdavis@swelawfirm.com
- 23 David L Prince dlp@redchamber.com
- 24 United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

25 \_\_\_\_\_ Service information continued on attached page

26 **II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served):

27 On **December 9, 2016**, I served the following person(s) and/or entity(ies) at the last known address(es) in this  
28 bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the  
United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows.  
*Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours  
after the document is filed.*

29 X Service information continued on attached page

30 **III. SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each  
31 person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **December 9, 2016**, I served the  
32 following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service  
33 method), by facsimile transmission and/or email as follows. *Listing the judge here constitutes a declaration that  
34 personal delivery on the judge will be completed no later than 24 hours after the document is filed.*

35 Honorable Sandra R. Klein  
36 Bin outside Suite 1582

37 \_\_\_\_\_ Service information continued on attached page

38 I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and  
correct.

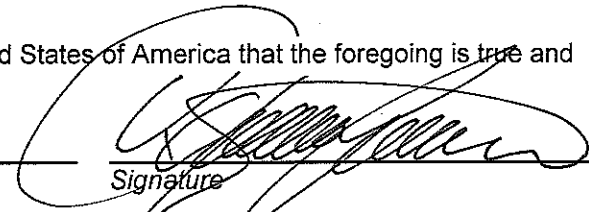
39 December 9, 2016

Ani Minasyan

40 Date

Type Name

41 Signature



**SERVICE LIST**

**VIA U.S. MAIL**

A&A Textile Co., Ltd.  
7F., No. 53, Dongsing Road  
Sinyi District  
Taipei City 110, Taiwan

A.G.I.S., Inc.  
2082 East Gladwick Street  
Rancho Dominguez, CA 90220

Amanis Fashion, Inc.  
2/3 Floor, B Building, Zhongfa  
Industrial Zone, No. 28, Xincun Rd.  
Nancun, Panyu, Guangzhou, China

Amanis Fashion, Inc.  
Thompson @ Associates PLLC  
1250 Connecticut Avenue NW, Suite 200  
Washington, DC 20036

American Express  
Box 0001  
Los Angeles, CA 90096-8000

American Express  
c/o Becket & Lee LLP  
P.O. Box 3001  
Malvern, PA 19355-0701

Anda Printing Co., Ltd.  
Yongsheng Industry, Guilan Road  
Nanhai District  
Foshan City, China

Anthem Blue Cross  
R.M.S.  
1250 East Diehl Road, Suite 300  
Naperville, IL 60563

Arvind, Ltd.  
130 West 42nd Street, Suite 603  
New York, NY 10036

AT&T  
P.O. Box 5019  
Carol Stream, IL 60197-5019

AT&T  
P.O. Box 5025  
Carol Stream, IL 60197-5025



1 AT&T Corp  
AT&T Services, Inc.  
2 Karen Cavagnaro, Esq.  
One AT&T Way, Suite 3A104  
3 Bedminster, NJ 07921

4 Baker Commodities, Inc.  
4020 Bandini Boulevard  
5 Vernon, CA 90058

6 Bonnie Beach Apparel  
226 West 37th Place  
7 Los Angeles, CA 90007

8 CAD Fab  
1410 South Flower Street  
Los Angeles, CA 90015  
9

10 Calbiz Supplies, Inc.  
2520 West 6th Street, Suite 215  
Los Angeles, CA 90057  
11

12 Canon Business Solutions America, Inc.  
300 Commerce Square 1 Boulevard  
Burlington, NJ 08016  
13

14 Canon Financial  
c/o Allison L. Domowitch, Esquire  
Plaza 1000 at Main Street  
15 Suite 208  
Voorhees, NJ 08043

16 Canon Financial Services, Inc.  
14904 Collections Center Drive  
17 Chicago, IL 60693

18 Charles Parsons, Ltd.  
1312 South Boyle Avenue, Unit B  
19 Los Angeles, CA 90023

20 Charlie Chung  
3245 Lauren Canyon Boulevard  
21 Suite G770  
Studio City, CA 91604  
22

23 Charlie Chung  
P.O. Box 1185  
Studio City, CA 91604  
24

25 Cintas Corporation  
2829 Workman Mill Road  
Whittier, CA 90601  
26

27 City of Commerce  
2536 Commerce Way  
Commerce, CA 90040  
28

- 1 City of Pasadena  
100 North Garfield Avenue
- 2 Pasadena, CA 91101
  
- 3 City of Pasadena  
P.O. Box 7120
- 4 Pasadena, CA 91101
  
- 5 City of Vernon  
4305 Santa Fe Avenue
- 6 Vernon, CA 90058
  
- 7 CNR International  
21136 South Wilmington Avenue  
Suite 120
- 8 Carson, CA 90810
  
- 9 Coreland Companies  
716 Mission Street
- 10 South Pasadena, CA 91030
  
- 11 Cosco International - China  
Cosco Air Building No. 27  
Liang Jiang Road Chengyang
  
- 13 DHL Express, USA, Inc.  
16592 Collections Center Drive  
Chicago, IL 60693
  
- 14  
15 Digitech Creative Solution  
725 62nd Street  
Los Angeles, CA 90001
  
- 16  
17 Employment Development Department  
Bankruptcy Group MIC 92E  
P.O. Box 826880
- 18 Sacramento, CA 94280
  
- 19 Employment Development Department  
P.O. Box 989061
- 20 West Sacramento, CA 95798
  
- 21 EZ Worldwide Express  
EZ Mailing Services, Inc.  
669 Division Street
- 22 Elizabeth, NJ 07201
  
- 23  
24 FedEx  
P.O. Box 7221  
Pasadena, CA 91109-7321
  
- 25  
26 FedEx Techconnect  
c/o Law Offices of Sakida & Bui  
2355 Westwood Boulevard, Suite 327
- 27 Los Angeles, CA 90064
  
- 28

1 FOEYAL (Taishan) Garment Company  
Law Offices of Atlas & Leviton  
2 3 Golf Center, Suite 353  
Hoffman Estates, IL 60169

3 Foshan Shunde Bada Clothes Co., Ltd  
4 No. 2 Xing Ye Road, Junan Town  
Shunde District, Foshan City  
5 Guangdong, Province P.R., China

6 Foshan Shunde Xinrunlian  
Textiles Company Limited  
7 c/o Thomas Business Law Group, P.C.  
17800 Castleton Street, Suite 657  
8 Rowland Heights, CA 91748

9 Foshan Shunde Zhenji  
Homme House Ltd. - Room 10, 9/F  
10 Block A Hoplite Industrial Center  
3-5 Wang Tai Road, Kowloon, H.K.

11 Franchise Tax Board  
P.O. Box 2952  
12 Sacramento, CA 95812-2952

13 GCS Software, LLC  
266 West 37th Street, 19th Floor  
14 New York, NY 10018

15 Gilt Global Trading & Procurement  
2 Park Avenue, 4th Floor  
16 New York, NY 10016

17 Golden Win Group Ltd.  
13/F, Rays Industrial Building  
71 Hung To Road  
18 Kwun Tong, Hong Kong

19 Golden Win Group, Ltd.  
c/o Hogan Zappaterreno, LLP  
20 348 East Olive Avenue, Suite E1  
Burbank, CA 91502

21 Golden Win Group, Ltd.  
22 c/o Chatham & Hogan, LLP  
11240 Magnolia Boulevard, Suite 104  
23 North Hollywood, CA 91601

24 GXS  
P.O. Box 640371  
25 Pittsburgh, PA 15264-0371

26 GXS  
P.O. Box 31001-0828  
27 Pasadena, CA 91110-0828

1 Hana Financial, Inc.  
1000 Wilshire Boulevard, Suite 2000  
2 Los Angeles, CA 90017

3 Hana Financial, Inc.  
P.O. Box 92943  
4 Los Angeles, CA 90009

5 Hana Financial, Inc.  
1055 Wilshire Boulevard, Suite 1717  
6 Los Angeles, CA 90017

7 Hana Financial, Inc.  
1000 Wilshire Boulevard, 20th Floor  
8 Los Angeles, CA 90017

9 Hana Small Business Lending  
1000 Wilshire Boulevard, Suite 2000  
10 Los Angeles, CA 90017

11 Hong Kong Billion Group, Ltd.  
Block D, 24/F, Jong Ho Ind. Bldg.  
78-84, Wang Lung Si  
12 Tsuen Wan, N.T., H.K.

13 Hoover Financial Consulting, Inc.  
15338 Central Avenue, Suite 111  
14 Chino, CA 91710

15 Internal Revenue Service  
P.O. Box 7346  
16 Philadelphia, PA 19101-7346

17 Internal Revenue Service  
G. Cunegin  
222 North Sepulveda Boulevard  
18 Suite 800  
19 El Segundo, CA 90245-4341

20 Internal Revenue Services  
300 North Los Angeles Street  
Stop 5027  
21 Los Angeles, CA 90012

22 Internal Revenue Services  
P.O. Box 21126  
23 Philadelphia, PA 19144

24 JC Rack Systems  
5232 Alcoa Avenue  
25 Vernon, CA 90058

26 Jean Ro  
3010 East Pico Boulevard  
27 Los Angeles, CA 90023

28

1 JS Collection Corp  
1540 Calzona Street  
2 Los Angeles, CA 90023

3 Kimmy Song  
3010 East Pico Boulevard  
4 Los Angeles, CA 90023

5 Laray Fashion, Inc.  
2620 141st Street, Unit 2D  
6 Flushing, NY 11354

7 Los Angeles City Clerk  
P.O. Box 53200  
8 Los Angeles, CA 90053

9 Los Angeles County Tax Collector  
P.O. Box 54018  
10 Los Angeles, CA 90054

11 Los Angeles County Tax Collector  
P.O. Box 54110  
12 Los Angeles, CA 90051-0110

13 Los Angeles County Tax Collector  
225 North Hill Street, Room 122  
14 Los Angeles, CA 90012

15 Los Angeles County Tax Collector  
P.O. Box 54027  
16 Los Angeles, CA 90054

17 Lucas Horsfall  
Murphy & Pindroh, LLP  
100 Corson Street  
18 Pasadena, CA 91103-3841

19 Merz & Associates, P.C.  
1010 Lake Street, Suite 400  
20 Oak Park, IL 60301-1135

21 Morrison Express Corp.  
2000 Hughes Way  
22 El Segundo, CA 90245

23 Morrow & Associates  
2625 Townsgate Road, Suite 330  
24 Westlake Village, CA 91361

25 Novae International, Inc.  
573 Monterey Pass Road, Unit G & H  
26 Monterey Park, CA 91754

27 Pacific Bell Telephone Company  
AT&T Services, Inc.  
Karen A Cavagnaro - Lead Paralegal  
28 One AT&T Way, Room 3A104  
Bedminster, NJ 07921

1 Performance Elevator, Inc.  
449 West Allen Avenue, Suite 112  
2 San Dimas, CA 91773

3 Pitney Bowes  
P.O. Box 371874  
4 Pittsburgh, PA 15250-7874

5 Quality Graphics, LLC  
aka FG Graphics  
6 14944 Shoemaker Avenue, Unit F  
Santa Fe Springs, CA 90670

7 Quantum Associates  
1101 South San Pedro Street  
8 Suite 200  
Los Angeles, CA 90015

9 R&W, Inc.  
10 6351 Regent Street, Suite 100-A/300  
Huntington Park, CA 90255

11 Robert Bare Associates, Inc.  
12 2804 North Canon Boulevard  
Kannapolis, NC 28083

13 Sanyuan  
14 2nd Floor, No. 1888, Jianghu Road  
Hangzhou, China 310051

15 Sanyuan  
16 Thompson & Associates PLLC  
1250 Connecticut Ave NW Ste 200  
17 Washington DC 20036

18 Seaphone Textile Limited  
41 Tsun Yip Street, Flat 1-3, 21F  
19 Tsun Yip Center, KwunTong  
Kowloon, Hong Kong

20 Securities & Exchange Commission  
444 South Flower Street, Suite 900  
21 Los Angeles, CA 90071

22 Shragatex, Inc.  
1323 Channing Street  
23 Los Angeles, CA 90021

24 SSD Systems, Inc.  
1740 North Lemon Street  
25 Anaheim, CA 92801

26 St. George's Medical Clinic  
1750 East Colorado Boulevard  
27 Pasadena, CA 91106

28

- 1 Staples  
P.O. Box 183174
- 2 Columbus, OH 43218-3174
  
- 3 Stone Blue  
2501 East 28th Street
- 4 Vernon, CA 90058
  
- 5 Stone Brewing Company  
1999 Citracado Parkway
- 6 Escondido, CA 92029
  
- 7 Superior Paper & Plastic, Inc.  
1930 East 65th Street
- 8 Los Angeles, CA 90001
  
- 9 Sysco Los Angeles, Inc.  
P.O. Box 1508
- 10 Walnut, CA 91788-1508
  
- 11 Tiger Natural Gas, Inc.  
1422 East 71st Street, Suite J
- 12 Tulsa, OK 74136
  
- 13 Toshiba Financial  
c/o U.S. Bank Equipment Finance
- 14 P.O. Box 790448  
Saint Louis, MO 63179-0448
  
- 15 U.S. Bank  
P.O. Box 790408
- 16 Saint Louis, MO 63179-0408
  
- 17 U.S. Bank  
P.O. Box 5229
- 18 Cincinnati, OH 45201
  
- 19 U.S. Healthworks Medical Group, PC  
P.O. Box 50042
- 20 Los Angeles, CA 90074-0025
  
- 21 Urban Expressions, Inc.  
5500 Union Pacific Avenue
- 22 Commerce, CA 90022
  
- 23 Uday R. Sawhney, CPA  
333 West Broadway, Suite 105
- 24 Long Beach, CA 90802
  
- 25 Universal Tax Services  
c/o Rita Lam, Agent For Service Of Process
- 26 9177 Las Tunas Drive, Suite 200  
Temple City, CA 91780-1937

- 1 Universal Tax Services  
c/o Tappan Zee, Esquire
- 2 Zee Law Group, P.C.  
9660 Telstar Avenue
- 3 El Monte, CA 91731
  
- 4 UPS  
P.O. Box 894820
- 5 Los Angeles, CA 90189
  
- 6 UPS Supply Chain Solutions, Inc.  
28013 Network Place
- 7 Chicago, IL 60673-1280
  
- 8 Urban Expressions, Inc.  
c/o Safarian Choi & Bolstad, LLP
- 9 555 South Flower Street, Suite 650  
Los Angeles, CA 90071
  
- 10 Urban Expressions, Inc.  
Tilt Holdings, LLC
- 11 5500 Union Pacific Avenue  
Commerce, CA 90022
  
- 12 VND Clothing Company, Inc.
- 13 1438 East Valencia Drive  
Fullerton, CA 92831
  
- 14 VND Clothing, Inc.
- 15 c/o David L. Prince, Agent For Service Of Process  
1912 East Vernon Avenue, Suite 100
- 16 Los Angeles, CA 90058
  
- 17 Zhuolang Clothing Co., Ltd.  
Foshan City Shunde Taiheng, No. 10
- 18 Chang Bao Xi Road, Ronggui  
Shunde Foshan, Guangdong, China
  
- 19 Zhuolong Clothing Co Ltd  
Thompson & Associates PLLC
- 20 1250 Connecticut Ave NW Ste 200  
Washington DC 20036
  
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