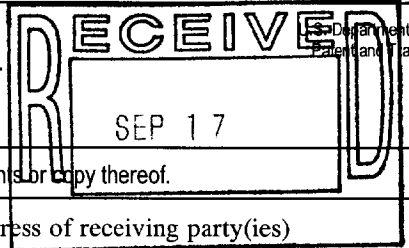


MRD 9-17-98

09-21-1998



100870237



U.S. Department of Commerce
Patent and Trademark Office

HEET

Documents or copy thereof.

To the Honorable Commissioner of Patents and

1. Name of conveying party(ies):

California Fashion Industries, Inc.

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State - California
 Other _____
Additional name(s) of conveying party(ies) attached? Yes No

2. Name and Address of receiving party(ies)

Name: BNY FINANCIAL CORPORATION
Address: 1290 Avenue of the Americas
New York, New York 10104

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State - New York
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: September 2, 1998

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s) 1,515,467

Additional numbers attached? Yes No (See Schedule A (1) Attached)

5. Name and address of party to whom correspondence concerning document should be mailed:

Baila H. Celedonia, Esq.
Cowan, Liebowitz & Latman, P.C.
1133 Avenue of the Americas
New York, NY 10036-6799

6. Total number of applications and registrations involved: 20

7. Total fee (37 CFR 3.41)..... \$ 515.00

Enclosed
 Any deficiency is authorized to be charged to Deposit Account No. 03-3415.

8. Deposit Account No. 03-3415

(Attach duplicate copy of this page if paying by deposit account)

09/18/1998 DC0ATES 00000229 1515467

01 FC:481
02 FC:482

40.00 OP
475.00 OP

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Baila H. Celedonia
Name of Person Signing

Baila H. Celedonia Sept. 16, 1998
Signature Date

Total number of pages including cover sheet, attachments, and document: 18

Mail to: U.S. Patent and Trademark Office, Office of Public Records, Crystal Gateway 4, Room 335, Washington D.C. 20231

TRADEMARK COLLATERAL SECURITY AGREEMENT

THIS AGREEMENT is made as of the 2 day of September, 1998, by and between **California Fashion Industries, Inc.**, a California corporation having its chief executive office at 3434 South Grand Avenue, Los Angeles, California 90007 ("Borrower") and **BNY FINANCIAL CORPORATION** having a mailing address at 1290 Avenue of the Americas, New York, New York 10104 ("Lender").

BACKGROUND

Borrower and Lender have entered into (i) a Factoring Agreement having an effective date of July 29, 1998 (as such agreement may be amended, modified, restated or supplemented from time to time, the "Factoring Agreement") and (ii) a Letter of Credit Financing Supplement to the Factoring Agreement dated the date hereof (as such agreement may be amended, modified, restated or supplemented from time to time, the "Letter of Credit Supplement") (the Factoring Agreement, the Letter of Credit Supplement and all related agreements and documents collectively, the "Agreements") providing for loans and advances to the Borrower. In order to induce Lender to execute and deliver the Agreements, Borrower agreed to execute and deliver to Lender this Trademark Collateral Security Agreement ("Security Agreement"). This Security Agreement, covering Trademarks (as hereinafter defined), is being executed contemporaneously with the Agreements under which Lender is granted a lien on and security interest in, *inter alia*, inventory sold utilizing the Trademarks as well as machinery, equipment formulations, manufacturing procedures, quality control procedures and product specifications relating to products sold under the Trademarks (collectively "Other Assets"), whereby Lender shall have the right to foreclose on the Trademarks and the Other Assets in the event of the occurrence and continuance of a default hereunder or an Event of Default under the Agreements.

NOW, THEREFORE, in consideration of the premises, Borrower and Lender hereby agree as follows:

1. Defined Terms. Capitalized terms which are not otherwise defined herein shall have the meanings given to them in the Agreements, as applicable, and the following terms shall have the following meanings, unless the context otherwise requires:

"Code" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York.

"Associated Goodwill" shall mean all goodwill of the Borrower's business symbolized by the Trademarks and associated therewith, including without limitation the documents

described in Sections 2(iii) through 2(vii) of this Security Agreement.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Event of Default" shall mean any default hereunder and/or any Event of Default as defined in the Agreements.

"Licenses" shall mean the trademark license agreements of Borrower designated on Schedule I hereto, as any of the same may from time to time be amended or supplemented.

"Obligations" shall have the meaning assigned to it in the Agreements.

"Proceeds" shall have the meaning assigned to it under Section 9-306 of the Code, and in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to Borrower from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any person acting under color or governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Receivables" shall have the meaning assigned to it in the Factoring Agreement.

"Security Agreement" shall mean this Security Agreement, as the same may from time to time be amended, modified, restated or supplemented.

"Trademarks" shall mean the registered trademarks and pending applications shown in the attached Schedule A, and those trademarks which are hereafter adopted or acquired by Borrower, and all right, title and interest therein and thereto, and all (other than by License or by permission from a third party) registrations, applications, and recordings thereof, including, without limitation, applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, and any foreign country all whether now owned or hereafter acquired by Borrower.

"Trademark Rights" means all common law and other rights in and to the Trademarks in the United States and any state thereof and in foreign countries.

2. Grant of Security Interest. As collateral security for the prompt payment of all of the Obligations, Borrower hereby grants and conveys to Lender a continuing security interest in and to (a) the entire right, title and interest of Borrower in and to the Trademarks, including the registrations and applications appurtenant thereto, listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), and in and to any and all trademarks, and registrations and applications appurtenant thereto, hereafter acquired or filed by Borrower, including without limitation all renewals thereof, all proceeds of infringement suits, the rights (but not the obligation) to sue for past, present and future infringements and all rights corresponding thereto in the United States and any foreign country and the Associated Goodwill, and (b) all of Borrower's conveyable right, title and interest in, to and under the following:

(i) all Licenses;

(ii) all receivables, contract rights and general intangibles arising under or relating to each and every License (including, without limitation, (A) all moneys due and to become due under any License, (B) any damages arising out of or for breach or default in respect of any such License, (C) all other amounts from time to time paid or payable under or in connection with any such License, and (D) the right of Borrower to terminate any such License or to perform and to exercise all remedies thereunder); and,

(iii) all lists and ancillary documents that identify and describe any of Borrower's customers, or those of its affiliates, licensees or subcontractors, for products sold and services delivered under or in connection with the Trademarks or Trademark Rights, including without limitation any lists and ancillary documents that contain a customer's name and address, the name and address of any of its warehouses, branches or other places of business, the identity of the person or persons having the principal responsibility on a customer's behalf for ordering products or services of the kind supplied by Borrower, or the credit, payment, discount, delivery or other sale terms applicable to such customer, together with information setting forth the total purchases, by brand, product, service, style, size or other criteria, and the patterns of such purchases;

(iv) all product and service specification documents and production and quality control manuals used in the manufacture or delivery of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights;

(v) all documents which reveal the name and address of any source of supply, and any terms of purchase and delivery, for any and all materials, components and services used

in the production of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights;

(vi) all documents constituting or concerning the then current or proposed advertising and promotion by Borrower or its affiliates, licensees or subcontractors of products and services sold or delivered under or in connection with the Trademarks or Trademark Rights including, without limitation, all documents which reveal the media used or to be used and the cost for all such advertising conducted within the described period or planned for such products and services;

(vii) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon;

(viii) to the extent not included in the foregoing clauses (i) - (vii), all general intangibles relating to the Collateral; and

(ix) to the extent not otherwise included, all Proceeds and products of any or all of the foregoing.

All of the property referred to in this paragraph 2 is hereafter collectively called the "Collateral".

3. Representations and Warranties. Borrower covenants and warrants that as of the date of this Security Agreement:

(a) The Trademarks (other than those Trademarks listed on Schedule B attached hereto) are subsisting and have not been adjudged invalid or unenforceable;

(b) To the best of Borrower's knowledge, each of the Trademarks (other than those Trademarks listed on Schedule B attached hereto) is valid and enforceable;

(c) There is no outstanding claim that the use of any of the Trademarks (other than those Trademarks listed on Schedule B attached hereto) violates the rights of any third person;

(d) Borrower is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Trademarks (other than those Trademarks listed on Schedule B attached hereto), free and clear of any liens, charges and encumbrances, (including without limitation pledges, assignments, licenses, registered user agreements and covenants by Borrower not to sue third persons);

(e) Borrower has the right to enter into this Security Agreement and perform its terms;

(f) Borrower has used, and will continue to use for the duration of this Security Agreement, proper statutory notice, where and if appropriate, in connection with its use of the Trademarks; and

(g) Borrower has used, and will continue to use for the duration of this Security Agreement, reasonably consistent standards of quality in its manufacture of products sold under the Trademarks.

4. Right of Inspection. Borrower hereby grants to Lender and its employees and agents the right at reasonable times and upon reasonable prior notice to visit Borrower's plants and facilities which manufacture, inspect or store products sold under any of the Trademarks, and to inspect the products and quality control relating thereto at reasonable times during regular business hours. Borrower shall use its best efforts to do any and all acts required by Lender to ensure Borrower's compliance with paragraph 3(g) above.

5. New Trademarks. (a) If, before the Obligations shall have been paid in full, Borrower shall obtain rights to any new trademarks, the provisions of paragraph 2 shall automatically apply thereto and Borrower shall give Lender prompt written notice thereof. (b) Borrower grants Lender a power-of-attorney, irrevocable so long as the Agreements are in existence, to modify this Security Agreement by amending Schedule A to include any future trademarks, including trademark registrations or applications appurtenant thereto covered by this Security Agreement, provided Lender shall promptly deliver a copy of such revised schedule to Borrower.

6. Covenants. Borrower covenants and agrees with Lender that from and after the date of this Security Agreement and until the Obligations are fully satisfied:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of Lender, Borrower will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Lender may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code with respect to the liens and security interests granted hereby. Borrower also hereby authorizes Lender to file any such financing or continuation statement without the signature of Borrower to the extent permitted by applicable law (Lender shall promptly deliver copies thereof to Borrower). If any amount payable under or in connection with any of the Collateral shall be or become evidenced by an promissory note or other instrument,

such note or instrument shall be immediately pledged to Lender hereunder, duly endorsed in a manner satisfactory to Lender.

(b) Maintenance of Trademarks. Borrower will not do any act, or omit to do any act, whereby the Trademarks (other than those Trademarks listed on Schedule B attached hereto) or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify Lender immediately if Borrower knows of any ground under which this result has occurred. However, Borrower may perform any act under this subparagraph 6(b) if Borrower determines it is in good business judgment to take such act, and Borrower gives notice to Lender of its intention to take such act at least thirty (30) days prior to the act and Lender does not communicate its intention to forbid, or its instruction forbidding, such action within 15 days of receipt of notice. Borrower shall take appropriate action at its expense to halt any unauthorized use of those Trademarks having any material value (other than those Trademarks listed on Schedule B attached hereto).

(c) Indemnification. Borrower assumes all responsibility and liability arising from Borrower's or its assignees use of the Trademarks, and Borrower hereby indemnifies and holds Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Borrower's operations of its business from the use of the Trademarks.

(d) Limitation of Liens on Collateral. Borrower will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as its necessary to remove any lien, security interest, encumbrance, claim or right, in or to the Collateral and will defend the right, title and interest of Lender in and to any of Borrower's rights under any License and to the Proceeds thereof against the claims and demands of all persons whomever.

(e) Limitation on Modifications of Licenses. Borrower will not (i) fail to exercise promptly and diligently each and every material right which it may have under each License (other than any right of termination), without the prior written consent of Lender, or (ii) fail to deliver to Lender a copy of each material demand, notice or document sent or received by it relating in any way to any License or Trademark.

(f) Notices. Borrower will advise Lender promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Collateral or on the security interests created hereunder.

(g) Limitation on Further Uses of Trademarks.

Borrower will not, other than as set forth in Schedule B, assign, sell, mortgage, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, or otherwise dispose of any of a material portion of the Collateral, without prior written consent of Lender.

7. Lender's Appointment as Attorney-in-Fact.

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

(i) Upon the occurrence and continuance of an Event of Default, to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any License and, in the name of Borrower or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Lender for the purpose of collecting any and all such moneys due under any License whenever payable;

(ii) If Borrower fails to do so, to pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral; and

(iii) Upon the occurrence and continuance of an Event of Default, (A) to direct any party liable for any payment under any License to make payment of any and all moneys due and to become due thereunder directly to Lender or as Lender shall direct; (b) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against Borrower with respect to any Collateral; (E) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Lender may deem appropriate;

and (F) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for any purposes, and to do, at Lender's option all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as Borrower might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, Borrower further agrees to execute any additional documents which Lender may require in order to confirm this power of attorney, or which Lender may deem necessary to enforce any of its rights contained in this Security Agreement.

(b) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be liable to Borrower for any act or failure to act, except for its own willful misconduct or gross negligence.

(c) Borrower also authorizes Lender to execute, in connection with the sale provided for in paragraph 10(b) of this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

8. Execution of Power of Attorney. Concurrently with the execution and delivery hereof, Borrower is executing and delivering to Lender, in the form of Schedule II hereto, ten (10) originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Trademarks pursuant to paragraph 7 hereof.

9. Performance by Lender of Borrower's Obligations. If Borrower fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expense of Lender incurred in connection with such performance or compliance shall be payable by Borrower to Lender on demand and shall constitute Obligations secured hereby.

10. Remedies, Rights Upon Event of Default.

(a) If an Event of Default shall occur and be continuing:

(i) All payments received by Borrower under or in connection with any of the Collateral shall be held by Borrower

in trust for Lender, shall be segregated from other funds of Borrower and shall forthwith upon receipt by Borrower, be turned over to Lender, in the same form as received by Borrower (duly indorsed by Borrower to Lender, if required); and

(ii) Any and all such payments so received by Lender (whether from Borrower or otherwise) may, in the sole discretion of Lender, be held by Lender as collateral security for, and/or then or at any time thereafter applied in whole or in part by Lender against all or any part of the Obligations in such order as Lender shall elect. Any balance of such payments held by Lender and remaining after payment in full of all the Obligations shall be paid over to Borrower or to whomsoever may be lawfully entitled to receive the same.

(b) If any Event of Default shall occur and be continuing, Lender may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code. Borrower shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Lender is entitled. Borrower shall also be liable for the reasonable fees of any attorneys employed by Lender to collect any such deficiency and also as to any reasonable attorney's fees incurred by Lender with respect to the collection of any of the Obligations and the enforcement of any of Lender's respective rights hereunder.

11. Termination. At such time as Borrower shall completely pay in full all of the Obligations and the Agreements are terminated, this Security Agreement shall terminate and Lender shall execute and deliver to Borrower all such releases, deeds, assignments and other instruments as may be necessary or proper to re-vest in Borrower's full title to the Trademarks, subject to any disposition thereof which may have been made by Lender pursuant hereto.

12. Notices. Any notice to Lender or to Borrower hereunder shall be deemed to have been duly given, if given in accordance with Paragraph 19 of the Factoring Agreement.

13. No Waiver. No course of dealing between Borrower and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. Cumulative Remedies. All of Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Agreements, or by any other agreements or by

SCHEDULE A

Schedule A to a Trademark Collateral Security Agreement dated as of September 2, 1998, by and between CALIFORNIA FASHION INDUSTRIES, INC. and BNY FINANCIAL CORPORATION.

1. U.S. Registrations

<u>U.S. Trademark Registration Number</u>	<u>Trademark</u>	<u>Registration Date</u>
1,515,467	LITTLE OR NOTHING	December 6, 1988
1,863,763	STREET WEAR CAROLE LITTLE CL	November 22, 1994
1,947,064	CAROLE LITTLE II	January 9, 1996
1,965,552	CL II	April 2, 1996
1,535,379	OR I WON'T GET DRESSED	April 18, 1989
1,596,562	CLLA	May 15, 1990
1,180,284	CAROLE LITTLE	December 1, 1981
1,601,527	CAROLE LITTLE	June 12, 1990
1,245,256	CAROLE LITTLE	July 12, 1983
1,313,520	CAROLE LITTLE WORKS FOR YOU	January 8, 1985
1,637,257	CL	March 5, 1991
1,841,532	CFOS	June 21, 1994
1,891,851	BEVERLY GROVE FABRICS	April 25, 1995
1,643,666	CFI	May 7, 1991
1,764,622	SAINT-TROPEZ WEST	April 13, 1993
1,503,112	LAUREN EDWARDS	September 6, 1988
1,494,314	ST. TROPEZ WEAR	June 28, 1988
1,206,245	FOR THE WOMAN ON HER WAY UP	August 24, 1982
1,099,607	SAINT-TROPEZ WEST	August 15, 1978
1,234,576	SAINT-TROPEZ WEST	April 12, 1983

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TRADEMARK
REEL: 1789 FRAME: 0704

law, shall be cumulative and may be exercised singularly or concurrently.

15. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

16. No Modification Except in Writing. This Security Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraphs 5 and 7.

17. Successors and Assigns. The benefits and burdens of this Security Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

18. Governing Law. The validity and interpretation of this Security Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

WITNESS:

CALIFORNIA FASHION INDUSTRIES, INC.

Robert Matthews

By:

Name: LEONARD RABINOWITZ
Its: PRESIDENT

WITNESS:

BNY FINANCIAL CORPORATION

Tedie Schorr

By:

Name:
Its :

2. State Registrations

<u>Registration Number</u>	<u>Trademark</u>	<u>Registration Date</u>
CA 55950	ST. TROPEZ	April 5, 1977 Renewed through April 5, 2007
CA 59241	SAINT-TROPEZ WEST	March 13, 1979
CA 59922	CAROLE LITTLE	July 24, 1979

3. International Registrations

<u>Registration Number</u>	<u>Mark</u>	<u>Jurisdiction</u>
320,536	CAROLE LITTLE	Canada
315,661	CAROLE LITTLE	Canada
469,549	CAROLE LITTLE II	Canada
459,163	CL II	Canada
524,200	CAROLE LITTLE	Mexico
519,264	CAROLE LITTLE II	Mexico
519,263	CL II	Mexico

SCHEDULE B

Schedule B to a Trademark Collateral Security Agreement dated as of September 2, 1998, by and between CALIFORNIA FASHION INDUSTRIES, INC. and BNY FINANCIAL CORPORATION.

STATE OF CALIFORNIA)
 : ss.:
 COUNTY OF LOS ANGELES)

Before me, the undersigned, on this 2nd day of
 September, 1998, personally appeared
Leonard Robinson, to me known personally, and who
 being by me duly sworn, deposes and says that he is the
Chairman of CALIFORNIA FASHION INDUSTRIES,
 INC., and that said instrument was signed on behalf of said
 corporation by authority of its Board of Directors, and he
 acknowledged said instrument to be the free act and deed of said
 corporation.



[Signature]
 Notary Public
 My Commission Expires: Jan. 31, 2000

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

Before me, the undersigned, on this ____ day of
 September, 1998, personally appeared
 _____, to me known personally, and who
 being by me duly sworn, deposes and says that he is the
 _____ of BNY FINANCIAL CORPORATION, and
 that said instrument was signed on behalf of said corporation by
 authority of its Board of Directors, and he acknowledged said
 instrument to be the free act and deed of said corporation.

 Notary Public
 My Commission Expires:

SCHEDULE I

SCHEDULE II
SPECIAL POWER OF ATTORNEY

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF LOS ANGELES)

KNOW ALL MEN BY THESE PRESENTS, that CALIFORNIA FASHION INDUSTRIES, INC., a corporation formed under the laws of California, with its principal office at 3434 South Grand Avenue, Los Angeles, California 90007 ("Borrower"), pursuant to a Trademark Collateral Security Agreement dated September ____, 1998 (as amended, modified, restated or supplemented from time to time, the "Security Agreement"), hereby appoints and constitutes BNY FINANCIAL CORPORATION, a New York corporation, with offices at 1290 Avenue of the Americas, New York, New York 10104 ("Lender"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of Borrower:

1. Assigning, selling or otherwise disposing of all right, title and interest of Borrower in and to the Trademarks listed on Schedule A of the Security Agreement, and including those trademarks which are added to the same subsequent hereto, and all registrations and recordings thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose;
2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as Lender may in its sole discretion determine.

This power of attorney is made pursuant to the Security Agreement and may not be revoked until the payment in full of all Obligations as defined in the Security Agreement.

CALIFORNIA FASHION INDUSTRIES, INC.

By: 

Name: LEONARD RABINOWITZ
Its: PRESIDENT

STATE OF CALIFORNIA)
 : ss.:
COUNTY OF LOS ANGELES)

On this 2nd day of September, 1998, before me personally came Leonard Rabinovitch, to me known, who, being by me duly sworn, did depose and say that he is the Chairman of CALIFORNIA FASHION INDUSTRIES, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

[Signature]
Notary Public
My Commission Expires: Jan 31, 2000

