

A Limited Liability Partnership

September 19, 2001

NOTICE TO ALL CREDITORS AND PARTIES IN INTEREST

RE: Darlene Jewelry Mfg. Co.
483 Main Street
Pawtucket, Rhode Island

Ladies and Gentlemen:

On September 12, 2001, the Rhode Island Superior Court entered an Order, a copy of which is enclosed, appointing the undersigned Permanent Receiver of the assets and business of Darlene Jewelry Mfg. Co ("Darlene"). You may have received notice of these proceedings previously when I was appointed Temporary Receiver on August 22, 2001.

A Receivership is a state court insolvency proceeding. The Receiver is an officer of the court, appointed for the purpose of representing the interests of all creditors. Our office does not and has not represented Darlene or its principals, and has been appointed as a neutral, impartial Receiver for the immediate purpose of stabilizing Darlene's financial affairs. Ultimately, it is my intention to market and sell Darlene's business and assets for the highest value, subject to court approval and after notice to all creditors and parties in interest, with the purpose of maximizing recovery for creditors. Payment will then be made to those creditors with pre-petition claims in the order to which they are entitled in accordance with their respective rights.


In order that your interests be protected and to ensure that you receive notice of all pleadings in connection with the case, I am taking the liberty of enclosing a Proof of Claim form which I suggest you complete, execute before a Notary Public, and return to me at the earliest possible date, but in no event later than January 14, 2002. If you have already filed a Proof of Claim with this office, it is not necessary to file an additional claim.

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Please be advised that no sale of assets, no approval of secured or any other claims, and no distribution to creditors will take place without notice to all creditors and other parties in interest who file a Proof of Claim with the Receiver, which notice will include the date and time at which an interested party may be heard thereon before the Rhode Island Superior Court.

If you have any questions regarding any aspect of the foregoing, please feel free to contact the undersigned Receiver.

Very truly yours,



Stephen J. Shechtman,
Receiver of Darlene Jewelry Mfg. Co.

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

CITIZENS BANK OF RHODE ISLAND,
SUCCESSOR BY MERGER TO
CITIZENS TRUST COMPANY
Plaintiff

vs.

P.M. No.: 01-4327

DARLENE JEWELRY MFG. CO
Defendant

ORDER APPOINTING PERMANENT RECEIVER

This cause came on to be heard on the Petition for Appointment of Receiver for the Defendant, and it appearing that the notice provided by the Order of this Court previously entered herein has been given, and upon consideration thereof, it is hereby

ORDERED, ADJUDGED AND DECREED:

1. That Stephen J. Slobodkin, of Providence, Rhode Island, be and hereby is appointed Permanent Receiver (the "Receiver") of Defendant, and of all the estate, assets, effects, property and business of Defendant of every name, kind, nature and description, with all the powers conferred upon the Receiver by the Rhode Island General Laws, by this Order, or otherwise, and with all powers incidental to the Receiver's said office.

2. That said Receiver shall, no later than five (5) days from the date hereof, file herein a bond in the amount of \$ 100,000 with corporate surety thereon authorized to do business in the State of Rhode Island conditioned that the Receiver will well and truly perform the duties of said office.

3. That the Receiver be and hereby is authorized, empowered and directed to take possession and charge of said estate, assets, effects, property and business of the Defendant, including cash surrender value of any insurance owned by Defendant and to preserve the same, and is hereby vested with title to the same; to collect and receive the debts. Property and other assets and effects of said Defendant, including such cash surrender value, with full power to prosecute, defend, adjust and compromise all claims and suits of, by or against said Defendant and to appear, intervene or become a party in all suits, actions or proceedings relating to said estate, assets, effects and property as may

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in the judgment of the Receiver be necessary or desirable for the protection, maintenance and preservation of the property and assets of said Defendant.

4. That this appointment is made in succession to the appointment of Temporary Receiver heretofore made by order of this Court, and the Receiver shall take and be vested with the title to all assets, property and choses-in-action which have heretofore accrued to the Temporary Receiver with power to confirm and ratify in writing such agreements as are entered into by such Temporary Receiver and to carry out and perform the same.

5. That the Receiver is authorized, in the Receiver's discretion, to continue the business of the Defendant until further Order of this Court, and to employ such persons as may be desirable for the foregoing purposes and, in connection therewith, to use such moneys as shall come into the Receiver's hands and possession, as far as the same shall be necessary, for the above purposes and for continuing the business of said Defendant until further Order of this Court.

6. That the Receiver is authorized to incur expenses for goods and services and to purchase for cash such merchandise, supplies and materials as in the Receiver's discretion may be desirable or necessary for continuance of the business of the Defendant.

7. That said Receiver be and hereby is authorized and empowered to sell, transfer and convey said Receiver's right, title and interest and the right, title and interest of said Defendant in and to any real property or personal property, tangible or intangible, for such sum or sums of money as to said Receiver appears reasonable and proper, at private sale or sales, provided, however, that approval is first given for such sale or sales by this Court on *ex parte* application by the Receiver, or after such notice as the Court may require.

8. That the Receiver is hereby authorized and empowered to sell at public auction any or all of the assets referred to in Paragraph 7. The Receiver is also authorized to engage an auctioneer and to insert such display ads within or without the State of Rhode Island as the Receiver deems proper advertising for such sale. Such a public auction sale conducted by said Receiver in accordance with the Provisions of this paragraph shall be considered and is hereby declared to be a commercially reasonable sale, and such sale shall constitute compliance with the requirements of a commercially reasonable sale as set forth in Article 9 of the Uniform Commercial Code as enacted in Rhode Island.

9. That the Receiver is hereby authorized to conduct tests, remove and/or dispose of any hazardous substance, (collectively, the "Hazardous Substances") located on the site of Defendant's business operations at 483 Main Street, Pawtucket, Rhode Island.

10. That the provisions of 42 U.S.C. §9601(20)(A) and (20)(D), §9607(d) and (d)(2) and §9601(35)(A) in tandem with §9607(b)(3) of the Comprehensive Environmental Responsive Compensation and Liability Act ("CERCLA") are applicable

to the within Receivership proceeding, from the date of its commencement, and the Receiver is not an "owner" or "operator" as defined under said statutory provisions and falls within the scope of §9601(35)(A) in tandem with §9607(b)(3), and the Receiver, in removing and disposing of the Hazardous Substances, would be acting as one "rendering care or advice" as provided in 42 U.S.C. §9607(d)(1) and (d)(2) and the applicable federal regulations pertaining to the aforesaid statutory provisions set forth in 57 Fed. Reg. 18385, codified at 40 C.F.R. §300.1105(a), as supplemented by the official comments thereto in 57 Fed. Reg. 18344, 19380-18382.

11. That the Receiver is hereby afforded the immunity provided by the aforesaid statutory provisions and regulations, and shall have no personal liability resulting from the removal and/or disposal of the Hazardous Substance and no liability under CERCLA and/or Resource Conservation and Recovery Act ("RCRA").

12. That the Receiver is hereby authorized to execute, solely in his fiduciary capacity as Receiver of the Defendant, any and all documents necessary to effectuate the removal and disposal of said Hazardous Substances, including but not limited to, Uniform Hazardous Waste Manifests and all documents needed to obtain an Emergency Waste Generator's Certificate and Number, and the execution of any such documents by the Receiver is hereby deemed to be executed by him as an officer of this Court and not as a generator of the Hazardous Substances nor as an "owner" and/or "operator", as those terms are defined in 42 U.S.C. §9601(20)(A) and (20)(D) and applicable federal regulations.

13. That in addition to the foregoing statutory provisions, the Receiver is hereby declared to be acting pursuant to 42 U.S.C. §9607(d)(1) and (d)(2) and all applicable federal regulations as "rendering care and advice" in removing and disposing of the Hazardous Substances, and it entitled to the protections from liability afforded by said statutory provisions and applicable federal regulations in addition to any other defenses and protections that may be available to the Receiver, and falls within the scope of 42 U.S.C. §9601(35)(A) in tandem with §9607(b)(3) and all applicable federal regulations.

14. That said Receiver be, and hereby is, authorized and empowered, as soon as there are sufficient funds available, to pay all City, State and United States taxes of any kind, nature and description, including withholding taxes, as well as wages due employees, with such employees being relieved of the necessity of filing claims with the Receiver unless the amount paid or shown on the books of the Defendant is not acceptable to any employee, in which case said employee may file his/her claim in the same manner as other creditors.

15. In fulfillment of the reporting requirements set forth in Rule 66(e) of the Superior Court Rules of Civil Procedure, the Receiver shall file with the Court the Reports referred to in said Rule, as and when the Receiver deems necessary or advisable under the circumstances, or, in any event, as and when required by Order of this Court. In addition, the Receiver shall file with the Court, on or before May 1 and October 1 of

each year, a Receivership Control Calendar Report in accordance with Rhode Island Superior Court Administrative Order No. 98-7.

16. That the Receiver shall continue to discharge said Receiver's duties and trusts hereunder until further Order of this Court; that the right is reserved to the Receiver and to the parties hereto to apply to this Court for any other and further instructions to said Receiver and that this Court reserves the right, upon such Notice, if any, as it shall deem proper, to make such further orders herein as may be proper, and to modify this Order from time to time.

17. That, pursuant to and in compliance with Rhode Island Supreme Court Executive Order No. 95-01, this Court finds that the designation of the aforescribed person for appointment as Receiver is warranted and required because of said Receiver's specialized expertise and experience.

18. All creditors or other claimants hereby are ordered to file under oath with the Receiver at 66 Weybosset St., Providence Rhode Island, on or before January 14, ~~2001~~/2002, a statement setting forth their claims, including, but without limiting the generality of the foregoing, the name and address of the claimant, the nature and amount of such claim, a statement of any security or lien held by the claimant to which such claimant is or claims to be entitled, and also a statement as to any preference or priority which the claimant claims to be entitled to over the claims of any other or all other claimants or creditors.

19. That the commencement, prosecution, or continuance of the prosecution, of any action, suit, arbitration proceeding, hearing, or any foreclosure, reclamation or repossession proceeding, both judicial and non-judicial, or any other proceeding, in law or in equity or under any statute, or otherwise, against said Defendant or any of its property, in any Court, agency, tribunal, or elsewhere, or before any arbitrator, or otherwise by any creditor, stockholder, corporation, partnership or any other person, or the levy of any attachment, execution or other process upon or against any property of said Defendant, or the taking or attempting to take into possession any property in the possession of the Defendant or of which the Defendant has the right to possession, or the cancellation at any time during the Receivership proceeding herein of any insurance policy, lease or other contract with Defendant, by any or such parties as aforesaid, other than the Receiver designated as aforesaid, or the termination of telephone, electric, gas or other utility service to Defendant, by any public utility, without obtaining prior approval thereof from this Honorable Court, in which connection said Receiver shall be entitled to prior notice and an opportunity to be heard, are hereby restrained and enjoined until further Order of this Court.

20. That Notice be given of the entry of this Order by the Clerk of this Court by publication of a copy of the annexed Receivership Notice in the Providence Journal on or before the 19th day of September, 2001, and by the Receiver mailing on or before the 20th day of September, 2001, a copy of said Receivership Notice

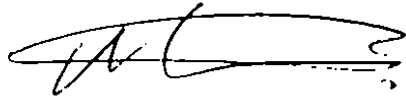
to each creditor and stockholder of said Defendant known as such to the Receiver, or appearing as such on the books of said Defendant, addressed to such stockholder or creditor at his last known address.

21. This matter is hereby continued for a status report until May 1,
~~2001~~/2002 at 9:30 (a.m./~~p.m.~~) on the Receivership Control Calendar.

22. This Order is entered by virtue of and pursuant to this Court's equity powers and pursuant to its powers as authorized by the laws and statutes of the State of Rhode Island.

ENTERED as an Order of this Court this 12 day of September, 2001.

ENTER:



Associate Justice

Silverstein

9/12/01

BY ORDER:

Jean Maggioni
Clerk, Superior Court