


| | | |
|--|--|--|
| UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE | | AMENDED PROOF OF CLAIM |
| Name of Debtor: Marianne VI, Inc. | | Case Number: 10-13025 (ASD) |
| NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503. | | |
| Name of Creditor (The person or other entity to whom the debtor owes money or property): The New 5-7-9 and Beyond, Inc. | | <input checked="" type="checkbox"/> Check box to indicate that this claim amends a previously filed claim. |
| Name and address where notices should be sent: Platzer, Swergold, Karlin, et al., 1065 Avenue of The Americas, 18th Floor New York, NY 10018, Attn: Sherri D. Lydell, Esq. Telephone Number: (212) 593-3000 | | Court Claim Number: 472 (If known) Filed on: 1/14/2011 |
| Name and address where payment should be sent (if different from above): Telephone Number: | | <input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case. |
| <div style="text-align: center;"> RECEIVED FEB 28 2011 BMC GROUP </div> | | |
| 1. Amount of Claim as of Date Case Filed: Not less than \$ <u>3,429,429.06</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input checked="" type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges. | | 5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5). <input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(____). Amount entitled to priority: \$ _____ |
| 2. Basis for Claim: <u>See Attachment</u> (See instruction #2 on reverse side.) 3. Last four digits of any number by which creditor identifies debtor: <u>PSK File No. 8954-66</u> 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.) | | |
| 4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Funds in Escrow Account Value of Property: \$ <u>373,787.84</u> Annual Interest Rate: ____% Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ <u>373,787.84</u> Amount Unsecured: Not less than \$ <u>3,055,641.22</u> | | |
| 6. Amount of Claim that qualifies as an Administrative Expense under 11 U.S.C. § 503(b)(9): \$ _____ (See Instruction #6 on reverse side.) 6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim. 7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See instruction 7 and definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain: | | |
| Date: <u>2/24/11</u> Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. <div style="text-align: center;">Joseph Cheheber, Vice President</div> | | FOR COURT USE ONLY <div style="text-align: center;"> Urban Brands  00748 </div> |

**Attachment to Amended Proof of Claim
Filed by The New 5-7-9 and Beyond, Inc.
Against Marianne VI, Inc., Case No. 10-13025 (ASD)**

Debtor Marianne VI, Inc. ("Debtor") is a party to an Asset Purchase Agreement, dated January 23, 2009, by and among The New 5-7-9 and Beyond, Inc. ("Buyer-Creditor") as buyer, and Marianne USPR, Inc., Carraizo Alto Apparel Corporation, Large Apparel of New Jersey, Inc., and Marianne VI, Inc., as sellers (collectively, "Sellers"), and Urban Brands, Inc. ("UBI"), as modified and amended pursuant those certain letter agreements dated as of February 2, 2009, February 5, 2009, February 18, 2009, March 5, 2009, March 31, 2009, and April 23, 2009 (collectively, the "APA"). Copies of the APA and other documents referenced but not included herein are voluminous and can be obtained by contacting counsel for the Buyer-Creditor.

Pursuant to Section 8.01 of the APA, the Sellers and UBI agreed to jointly and severally indemnify and hold Buyer-Creditor harmless from any and all claims made against Buyer-Creditor relating to, among other things, Excluded Liabilities (as defined in the APA) and any third party claims relating to the operation of the Transferred Stores or Transferred Assets (both as defined in the APA) relating to the period of time prior to the closing on the APA, which claims are the obligations of Sellers and/or UBI.

In conjunction with the APA, Buyer-Creditor, Sellers and UBI entered into a certain Escrow Agreement dated as of January 23, 2009, as modified and amended pursuant to First Amendment to Escrow Agreement, dated April 23, 2009, by and among Buyer-Creditor, Sellers and UBI, as consented to by Bank of America, N.A. (collectively, the "Escrow Agreement"), pursuant to which Buyer-Creditor deposited a portion of the Purchase Price (as defined in the APA) with Seltzer Sussman Habermann & Heitner LLP (the "Escrow Agent") for release in accordance with the terms of the APA and the Escrow Agreement.

Section 2.06 of the APA provides that the portion of the Purchase Price deposited with the Escrow Agent shall be the sole property of Buyer-Creditor, and that Buyer-Creditor shall have a lien and security interest in such funds. The original balance with the Escrow Agent was Three Hundred Seventy Three Thousand Seven Hundred Eighty Seven and 84/100 (\$373,787.84) Dollars.

Puerto Rico Litigation

Among other things, the APA provides for the assignment and assumption of the lease (the "Lease") relating to the store located at 70-72 De Diego Street, San Juan, Puerto Rico, and identified as Store #37 in the APA, provided, however, that such assumption relates solely to the period from and after the effective date of such assignment and specifically excludes any and all Excluded Liabilities (as defined in Section 10.15(ss) of the APA), including without limitation, "any causes of action, lawsuits, claims and demands of any nature that arose or arise or relate to events that occurred prior to the Applicable Closing Date" (see Section 10.15(ss)(v) of the APA).

On or about January 15, 2010, the landlord under the Lease, Morales Realty, Inc. ("Morales"), commenced litigation against, among others, Buyer-Creditor captioned, Morales Realty, Inc. v. Franklin Thirty Four-Rio Corp., et al., bearing Civil No. KAC-2010-0121 (905) in

the Puerto Rico Court of First Instance, San Juan Part (which litigation has a related appellate matter pending in the Puerto Rico Supreme Court, bearing Civil No. CC-2010-0720) (collectively, the "Puerto Rico Litigation"), which Buyer-Creditor is defending against. In the Puerto Rico Litigation, Morales is seeking contractual damages of not less than Three Million Four Hundred Two Thousand Three and 00/100 (\$3,402,003.00) Dollars, plus tort damages in an unliquidated amount, plus attorneys' fees and costs to be determined. In addition, as of November 30, 2010, Buyer-Creditor has incurred Twenty Seven Thousand Four Hundred Twenty Six and 06/100 (\$27,426.06) Dollars in legal fees and expenses to defend the Puerto Rico Litigation. A copy of the Complaint which initiated the Puerto Rico Litigation is annexed hereto as Exhibit "A".

Infringement Litigation

On January 20, 2011, L.A. Printex, Industries, Inc. ("L.A. Printex") served by certified mail a summons and complaint in litigation captioned, L.A. Printex Industries, Inc. v. MeeTV Magic, Inc., et al., bearing Case No. CV10-10041 CAS (JCX) in the United States District Court for the Central District of California (the "Infringement Litigation"). In the Infringement Litigation, L.A. Printex is seeking damages for alleged copyright infringement and vicarious and/or contributory copyright infringement stemming from, among other things, the alleged sale of goods by "Marianne's" of an amount to be determined at trial plus statutory damages of up to One Hundred Fifty Thousand and 00/100 (\$150,000.00) Dollars per infringement.

Upon information and belief, the actions and activities complained of in the Infringement Litigation took place prior to the effective closing date of the APA by Buyer-Creditor and/or prior to the transfer of the Transferred Stores or Transferred Assets and involved Excluded Liabilities. Accordingly, Buyer-Creditor believes it has no liability for the Infringement Litigation. Notwithstanding, as a result of being served, Buyer-Creditor has incurred, and will continue to incur, legal fees and expenses, and may incur other costs, to dispose of the Infringement Litigation in sums to be determined. A copy of the Complaint which initiated the Infringement Litigation is annexed hereto as Exhibit "B".

Pursuant to Section 8.01 of the APA, the exposure to liability from the Puerto Rico Litigation and the Infringement Litigation, and the costs incurred to defend against and dispose of same, are claims subject to indemnification by the Debtor. Accordingly, Buyer-Creditor hereby submits this Proof of Claim in the contingent and unliquidated amount of not less than Three Million Four Hundred Twenty Nine Thousand Four Hundred Twenty Nine and 06/100 (\$3,429,429.06) Dollars, of which Three Hundred Seventy Three Thousand Seven Hundred Eighty Seven and 84/100 (\$373,787.84) Dollars is a secured claim. The balance thereof is a general unsecured claim.

ESTADO LIBRE ASOCIADO DE PUERTO RICO
TRIBUNAL DE PRIMERA INSTANCIA
SALA SUPERIOR DE SAN JUAN

95
KAC10-0121

MORALES REALTY, INC.
Demandante

CIVIL NUMERO:

SOBRE: Resolución de Contrato

VS.

FRANKLIN THIRTY FOUR-RÍO CORP.;
URBAN BRANDS, INC.; MARIANNE USPR,
INC., MARIANNE PR FOUR, INC.,
MARIANNE PR FIVE, INC., CARRAÍZO
ALTO APPAREL CORP.; THE NEW 5-7-9
AND BEYOND, INC.; COMPAÑÍAS DE
SEGURO
X, Y Y Z; D, E Y F; PERSONAS
DESCONOCIDAS A, B Y C,
Demandados

2010 JAN 15 PM 12:40

DIVISION RADIACIONES
TRIBUNAL DE PRIMERA INSTANCIA
SALA SUPERIOR DE SAN JUAN

DEMANDA

AL HONORABLE TRIBUNAL:

Comparece la parte demandante por conducto de la representación legal que suscribe y ante este Honorable Tribunal muy respetuosamente **EXPONE, ALEGA y SOLICITA:**

I. ALEGACIONES INTRODUCTORIAS:

1. Este Tribunal tiene jurisdicción en este caso toda vez que el contrato que da origen al presente pleito se otorgó en San Juan, Puerto Rico. Así mismo, el inmueble objeto de la presente acción, así como el domicilio de la parte demandante se encuentran en el Municipio de San Juan, Puerto Rico y la cuantía reclamada excede de \$50,000.00.

2. La dirección postal de la demandante es P.O. Box 9454, San Juan, P.R. 00908-0454.

3. La Codemandada Franklin Thirty Four-Río, Corp. Es una corporación foránea con fines de lucro, cuyo número de registro ante el Departamento de Estado de Puerto Rico es el 1109. Su dirección es 320 West 31 Street, New York, New York. Esta

corporación es la que suscribió originalmente como arrendataria el contrato objeto del presente pleito.

4. La Codemandada Urban Brands, Inc., es una corporación de Delaware, cuya dirección es 100 Metro Way, Secaucus, New Jersey 07094. Esta es la compañía matriz de las co-demandadas Marianne USPR, Inc., corporación foránea con número de registro 10,937-F; Marianne P.R. Four, Inc., corporación doméstica con número de registro 103,913 y Marianne P.R. Five, corporación doméstica con número de registro 103,917, las cuales por información y creencia son las operadoras de la Tienda Marianne localizada en el inmueble objeto del contrato de arrendamiento en el presente caso y que se benefician económicamente de dicho contrato.

5. La Codemandada Carraizo Alto Apparel, Corp. Es una corporación doméstica con fines de lucro, con número de Registro ante el Departamento de Estado de Puerto Rico 42,732. Esta corporación es sucesora en los intereses de Franklin Thirty Four-Río, Corp. Sobre el contrato de arrendamiento objeto de la presente acción.

6. La Codemandada The New 5-7-9 and Beyond, Inc., es una corporación foránea con fines de lucro, cuyo número de registro en el Departamento de Estado de Puerto Rico es el 10,993. Su dirección es 100 Pennsylvania Avenue, Brooklyn, New York 11207. Dicha corporación obtuvo el derecho de arrendamiento de la propiedad objeto del presente contrato de Carraizo Alto Apparel Corp.

7. Se traen como codemandadas a las Compañías de Seguro X, Y y Z; D, E y F, las cuales son las compañías aseguradoras y/o de ajustadores de seguro de las codemandadas mencionadas en los párrafos 3 a 6 de la presente demanda, las cuales tienen pólizas de seguros expedidas a favor de aquéllas para cubrir este tipo de reclamación.

8. Se traen como codemandados a las personas desconocidas A, B y C, y a sus respectivas compañías de Seguro desconocidas, en la eventualidad de que alguna de éstas sea hallada responsable de la presente causa de acción, ya sea porque es dueño de alguna de las corporaciones demandadas y/o porque sea responsable por los daños a la demandante.

II. HECHOS QUE DAN LUGAR A LA PRESENTE CAUSA DE ACCION:

9. El día 6 de febrero de 1959 la demandante Morales Realty, Inc., otorgó un contrato de arrendamiento con la codemandada Franklin Thirty Four Corp., sobre un local comercial de 13,230 pies cuadrados localizado en el número 70 de la Calle de Diego, hoy Paseo de Diego, en Río Piedras, Puerto Rico por un canon mensual de \$1,574.99. Dicho contrato fue suscrito por un término original de catorce (14) años prorrogable a opción del arrendatario por cuatro términos adicionales de diez (10) años cada uno, estando vigente en virtud de la última renovación hasta febrero del año 2013.

10. De lo anterior se desprende que el antes referido contrato de arrendamiento ha estado vigente por los pasados 50 años con un cánón de arrendamiento inalterado, el cual en esta época resulta ridículo para una propiedad de la magnitud de la de la demandante, con el agravante de que ello puede extenderse por los próximos 3 años.

11. Desde el momento en que se suscribió el contrato objeto del presente pleito hasta el presente han pasado 50 años. Durante ese tiempo, el valor de las propiedades en el lugar donde se encuentra localizada la propiedad ha incrementado sustancialmente, trayendo ello como consecuencia un aumento considerable en el costo del arrendamiento por pie cuadrado, muy

por encima de las proyecciones razonables de aumento de valor que podían vislumbrarse para el año 1959.

12. Esta situación se ha dado como consecuencia de los drásticos cambios económicos que se han experimentado en las pasadas décadas en Puerto Rico, especialmente en el área metropolitana de San Juan, lugar donde se encuentra localizada la propiedad objeto del presente contrato. Han contribuido a dichos cambios el aumento sustancial en el costo de vida, el aumento poblacional registrado en las pasadas décadas el cual ha excedido las expectativas de crecimiento para los años 50, el desarrollo económico y el mejoramiento del nivel de vida en Puerto Rico, que también superó todas las expectativas habidas para entonces. También ha influido considerablemente, el aumento geométrico en el número de estudiantes universitarios en el sector donde ubica la propiedad que históricamente ha sido una ciudad eminentemente universitaria.

13. Cabe destacar que la propiedad objeto del presente pleito está localizada en el casco de Río Piedras, lugar donde se encuentra el principal centro de estudios universitarios del país y donde han surgido nuevas instituciones educativas en el área que lo han convertido en el Centro Universitario de Puerto Rico. Por otro lado, dicha localidad se ha desarrollado y convertido en un gigantesco Centro Comercial para toda el área Metropolitana promovido en parte por el desarrollo de proyectos como el Paseo de Diego, el plan para la Revitalización y Desarrollo del casco urbano de Río Piedras y otros programas de infraestructura dirigidos a la rehabilitación económica de este sector, así como el establecimiento del Tren Urbano, que tiene una estación a pasos de la propiedad de los demandantes, entre otros. Todos estos fenómenos eran elementos inanticipables razonablemente para el 1959. Estos constituyen cambios sustanciales a las circunstancias que rodearon el otorgamiento

del contrato objeto del presente pleito, las cuales permitirían su resolución al tornarse demasiado oneroso su cumplimiento al presente, bajo los términos y condiciones pactados para el año 1959.

III. PRIMERA CAUSA DE ACCION:

14. Se adoptan y se hacen formar parte de todas las causas de acción de la presente demanda las alegaciones antes enumeradas.

15. El mantenimiento de los términos de este contrato según acordados en el 1959, luego de transformaciones y cambios tan sustanciales e inanticipables de las circunstancias y realidades imperantes al momento de su celebración, constituye un enriquecimiento injusto, desproporcionado y abusivo para el arrendatario en perjuicio y a expensas de los legítimos derechos propietarios del dueño y arrendador de esta propiedad.

16. De continuar vigente este contrato bajo los términos pactados, el arrendador vería menoscabado sus derechos titulares sobre esta propiedad por tres años adicionales, en exceso de los cincuenta que han transcurrido, bajo un régimen injusto, cuando se han registrado aumentos tan significativos en el costo de vida, así como seguramente en las operaciones y ganancias de la empresa arrendataria que no guardan ni remota proporción con la situación de ésta para el 1959, atentando ello contra toda noción de lo justo en nuestro ordenamiento jurídico:

17. El resultado neto de todo ello es que gracias al contrato objeto del presente pleito la parte arrendataria paga un canon de renta de \$1.43 por pie cuadrado cuando actualmente el valor real de arrendamiento en el mercado para una propiedad comercial como la de los demandantes es de \$10.00. Véase Certificación del Tasador Enrique Meléndez Lugo, (Exhibit I).

18. Ante un cuadro como el antes esbozado, no cabe duda que es de aplicación la doctrina de "rebus sic-stantibus". Mediante ésta lees permitido a una parte en un contrato resolver el mismo cuando han ocurrido cambios sustanciales en las circunstancias del contrato que fueron inanticipables al momento de su otorgamiento, que hacen su cumplimiento uno demasiado oneroso e injusto para una de las partes. Como una condición implícita y sobre entendida en la contratación, esta doctrina parte del supuesto que los contratos de tracto sucesivo, como el presente o de cumplimiento aplazado obligan mientras no ocurran cambios importantes en el estado de hechos contemplado por las partes al momento de contratar.

19. Asimismo, nuestro ordenamiento legal no tolera, ni permite que una parte, amparándose en sutilezas técnico-jurídicas cubiertas con ropaje de legalidad, se enriquezca injustamente a expensas y en perjuicio de los derechos y legítimos intereses de la otra parte. Conforme al principio de la equidad, la cláusula *rebus sic stantibus* atempera la inflexibilidad y severidad del principio de *pacta sunt servanda* recogido en el artículo 1044 del Código Civil y le permite al tribunal intervenir en aquellos contratos en los que se laceraría la buena fe o se causaría una injusticia al obligar a su cumplimiento específico.

20. En Puerto Rico nuestro Tribunal Supremo ha aplicado la cláusula *rebus sic stantibus* en aquellas situaciones en que el desequilibrio entre las prestaciones producido por cambios extraordinarios e imprevisibles en el estado de hechos posterior a la celebración de un contrato, llega a dimensiones de mala fe, hiere el principio de la voluntariedad y hace el cumplimiento excesivamente oneroso para una de las partes.

21. Se solicita como primera causa de acción la resolución del contrato bajo la teoría de *rebus sic stantibus*. Dicha

resolución del contrato en cuestión no causa a la parte demandada un perjuicio irrazonable y desproporcionado frente la justicia que ello acarrearía para la demandante.

IV. SEGUNDA CAUSA DE ACCION:

22. Por otro lado, la parte demandante estaría dispuesta a suscribir un nuevo contrato de arrendamiento a la luz de las realidades económicas importantes a este momento, en el cual se establezca un canon de arrendamiento a tono con la realidad actual del mercado. También estaría dispuesta a ofrecer el local a la venta, si así lo interesa la parte demandada, a fin de balancear los intereses de ambas partes en esta relación contractual.

V. TERCERA CAUSA DE ACCION:

23. Desde el año 1980 la parte demandante ha requerido a la demandada renegociar los términos del contrato de arrendamiento a los efectos de atemperar los cambios en el valor de la propiedad acaecidos desde al año en que se otorgó dicho contrato, (Exhibit II).

24. A pesar de ello, la demandada ignoró de mala fé los requerimientos de la demandante, logrando enriquecerse injustamente al dejar de pagar por espacio de treinta años una suma sustancial por concepto de arrendamiento según correspondía de acuerdo a las circunstancias vigentes.

25. Considerando un costo de alquiler promedio de diez dólares (\$10.00), tenemos que la parte demandada dejó de pagar a la demandante la suma anual de \$113,400.12. Por tanto, la demandada adeuda a la demandante la suma de \$3,402,003.60 de rentas por los últimos 30 años, suma que es líquida y exigible, la cual se reclama en la presente causa de acción.

VI. CUARTA CAUSA DE ACCION:

26. El contrato de arrendamiento objeto del presente pleito le imponía a la parte demandada en su cláusula número 8 la

obligación de mantener en buenas condiciones las instalaciones eléctricas y de plomería y en su cláusula número 11 la obligación de hacer las reparaciones al inmueble.

27. A pesar de ello, durante el tiempo que el inmueble lleva en su poder la demandada nunca le dio mantenimiento a dicha propiedad.

28. En vista del referido incumplimiento de contrato por parte de la demandada, la demandante invoca su derecho a resolver el contrato, bajo la cláusula 14 de éste, (Exhibit III).

EN VIRTUD DE LO ANTERIORMENTE EXPUESTO se solicita muy respetuosamente de este Honorable Tribunal que: (a) en función de los cambios sustanciales habidos en la realidad y circunstancias de la relación contractual entre las partes desde su constitución hasta el presente y en virtud de la doctrina que proscribe el enriquecimiento injusto de una parte en perjuicio de la otra, se decrete la resolución del presente contrato; (b) se ordene la modificación del contrato a los efectos de que se establezca un cánón de arrendamiento a tono con la realidad económica actual; (c) se le imponga a la demandada el pago de la suma correspondiente a la que dejó de pagar por concepto de cánones de arrendamiento, desde el momento en que se le requirió renegociar el contrato, suma que asciende a la cantidad de \$3,402,003.60; y (d) se ordene la resolución del contrato por no haber cumplido la demandada con sus obligaciones contractuales y se imponga a la demandada el pago de las costas, gastos y honorarios de abogado, junto a cualquier otro pronunciamiento que proceda en derecho.

En San Juan, Puerto Rico, hoy 8 de enero de 2010.

RESPETUOSAMENTE SOMETIDA.


MOISES ABREU CORDERO
Número TS 6876



ALBERTO A. ACEVEDO VALLEJO
Número TS 6830
Ave. Luis Muñiz Souffront 454
Urbanización Los Maestros
Río Piedras, P.R. 00923
Tel. 787-758-7275/787-296-2463
Fax: 787-281-8797



Exhibit I

Enrique S. Meléndez
Valoración, Revisión y Consultoría en Bienes Raíces
PO Box 20,000 PMB 535, Canóvanas, PR 00729
Tel. 787-550-8322 Fax. 787-957-7890
email: tasator@libertypr.net

18 de diciembre de 2009

Lcdo. Alberto Acevedo
Calle Luis Muñiz Souffront #454
Urb. Los Maestros
San Juan, PR 00923

Estimado Lcdo. Acevedo,

Sirva la presente para aclarar los valores estimados en la tasación que le preparé a Morales Realty, Inc, sobre la propiedad localizada en la calle De Diego #70, Rio Piedras, PR. En dicha tasación se realizaron los tres métodos de valoración. Estos son el método de Costo, el método de Comparación de Venta Directa y el método de Capitalización de Rentas. Estos últimos dos se conocen comúnmente como el método de Ventas Comparables y el método de Ingresos. Debido a que el sujeto es una propiedad generadora de ingresos y a que existen numerosas propiedades generadoras de ingreso en el vecindario, le di más peso al método de Ingresos.

Empleando el método de Ingresos estimé dos valores por separado. Primero, el valor de la propiedad como si estuviera vacante y lista para rentarse, lo que equivale al valor del mercado asumiendo el pleno dominio del sujeto. Este valor es de \$1,066,000. Segundo, el valor del arrendatario (leased fee) basándome en la renta según el contrato de arrendamiento existente. Este valor es de \$96,500. En este caso fue prudente estimar el valor del arrendatario ya que la renta basada en el contrato de arrendamiento estaba extremadamente por debajo de la renta del mercado. Si lo analizamos desde el punto de vista de renta por pie cuadrado, podemos concluir que la renta del mercado fluctúa entre \$10 a \$12 el pie cuadrado, y bajo el contrato actual la renta por pie cuadrado se está pagando a razón de \$1.43, lo cual va en detrimento del valor de la propiedad.

Luego de leer el actual contrato de arrendamiento del sujeto puedo concluir varias cosas:

1. El contrato de arrendamiento del sujeto no es típico.
2. El contrato de arrendamiento del sujeto es irrisorio y oneroso. La conclusión de los valores estimados así lo demuestra.
3. El contrato de arrendamiento del sujeto perjudica enormemente el valor del edificio.
4. El contrato de arrendamiento del sujeto perjudica el tiempo de mercadeo y el tiempo de exposición del mercado del sujeto.
5. Las condiciones bajo las cuales se pudo haber negociado un contrato como este son irregulares.



FROM :

PHONE NO. :

Enrique S. Meléndez

Apr. 12 2001 01:45AM P1

Valoración, Revisión y Consultoría en Bienes Raíces

PO Box 20,000 PMB 535, Canóvanas, PR 00729

Tel. 787-550-8322 Fax. 787-957-7890

email: tasator@libertypr.net

De tener alguna pregunta al respecto no dude en comunicarse conmigo.

Atentamente,

Enrique S. Meléndez Lugo
718 EPA, 237 CG

Exhibit II

Box 22476, U.P.R. Station
San Juan, P. R. 00931
30 de enero de 1980

Lcdo. José A. Ledesma Vivaldi
Bufete Nigaglioni, Palou & Ledesma
Edificio Banco de Ponce - Oficina 1103
Hato Rey, P. R. 00918

Re: Contrato de Arrendamiento
Franklin 34 Corp./Morales
Realty Inc.

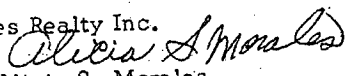
Estimado licenciado Ledesma:

En relación con su requerimiento para la inscripción del contrato de arrendamiento en el Registro de la Propiedad, pueden contar con nuestra cooperación para que el mismo se realice, de acuerdo con los términos del referido contrato.

No obstante, aprovechamos esta oportunidad para solicitar de usted le indique a su cliente que interesamos re-negociar el referido contrato de arrendamiento, a tono con el alto costo de vida actual.

Cordialmente,

Morales Realty Inc.

Por: 
Alicia S. Morales
Presidenta

JL1w10
Lourdes
Exhibit III

THIS AGREEMENT made this 6th day of February, 1959, between Morales Realty, Inc., a Puerto Rican corporation with offices at Edificio Plaza, San Juan and represented by its president, Isaias Rodríguez Moreno, hereinafter referred to as Landlord

And, Franklin Thirty-Four Río Corp., a Delaware corporation with address at 320 West 31 Street, New York, New York and represented by its president, Albert Rubenstein, hereinafter referred to as Tenant.

WITNESSETH:

1. PREMISES: That in consideration of the payment of the rent hereinafter agreed to be paid and in consideration of the covenants of the parties hereto, one with another, to be performed by them at the time and in the manner hereinafter set forth, the said Landlord does hereby lease unto said Tenant the property situated in Río Piedras, San Juan, Puerto Rico, and known as 70-72 De Diego Street and more particularly described as follows: lot with entire building which consists of store covering 4150 square feet, balcony of 3750 square feet and second floor of 4150 square feet.

2. TERM: The term for which the premises are leased shall be fourteen (14) years, beginning upon delivery of the premises by Landlord to Tenant completed in accordance with plans and specifications and after Tenant will have received the "Permiso de Uso."

3. OPTION TO RENEW: The Tenant is hereby granted a first option to renew the lease upon the leased premises for an additional term of ten (10) years at the expiration of the term of this lease, on the same covenants, conditions and agreements as contained in this lease, provided that the tenant shall give the Landlord at least sixty (60) days written notice prior to the expiration of this lease, of its

intention to exercise this option. Tenant is hereby granted a second option to renew the lease upon the leased premises for an additional term of ten (10) years at the expiration of the first option on the same covenants, conditions and agreements as contained in this lease, provided Tenant shall give Landlord at least sixty (60) days written notice prior to the expiration of the first option of its intention to exercise the second option.

4. RENTAL: The Tenant hereby agrees to pay the Landlord as rent for the premises herein referred to the sum of \$17,500.00 per annum, payable in advance in equal monthly installments of \$1,458.33 on the first day of each and every month.

5. USE AND OCCUPANCY: The Tenant will not use or occupy, or permit to be used or occupied, the said premises for any purpose or purposes in violation of the law, local statutes, ordinances or regulations, and the said Tenant will exempt, exonerate, and discharge the said Landlord from all claims on account of any damage or injuries incurred by it by reason of Tenant's violation of any such laws, ordinances or regulations.

6. SURFACING: The Tenant shall have the right to assign or SUBLEASE the premises as whole or as part during the term of this lease, provided, however, that the Tenant shall remain liable under this lease in the event of the default on the part of the assignee or sub-tenant in carrying out the terms, conditions and obligations of this lease.

7. INSURANCE: The Tenant will not do, suffer or permit anything to be done in or about the said premises that will increase the premiums on any fire insurance policies placed by the Landlord and in the event there is a violation of this paragraph by the Tenant, then it agrees to pay the amount of increase in premiums caused by such violation.

8. REPAIRS AND MAINTENANCE: The Tenant agrees to maintain in good order and condition, all plumbing, heating, electrical fixtures and plate glass in the leased premises during the term of this lease. All roof, structural and exterior repairs shall be made by the Landlord and the Landlord represents that there are no violations concerning the same and should any such violations be placed against the premises then the Landlord will remove them.

9. TRADE FIXTURES: All shelving, counters and trade fixtures, including air conditioning, placed to the within leased premises by the Tenant shall remain the property of the said Tenant, and removed by it at any time during or at the end of this lease.

10. GAS, ELECTRICITY AND WATER: The Tenant agrees to promptly pay all bills and charges for water, electric current and/or gas assessed against it or consumed in the within leased premises during the term of this lease.

11. ALTERATIONS AND CONSTRUCTION: The Tenant may, at its own cost and expense, make repairs, replacements, additions, improvements, alterations or changes necessary for the business of the Tenant, provided, always, that such repairs, replacements, additions, improvements, alterations or changes shall not lessen the value of the premises. All such work shall be done in a good and workmanlike manner.

12. TERMINATION AND SURRENDER: The Tenant agrees that at the termination of this lease or any sooner legal termination thereof, to quit and surrender the premises hereby leased in as good order and condition as at the time of its acquisition, reasonable wear and tear excepted.

13. LIABILITY: The Tenant shall, during the term of this lease, hold and save the Landlord harmless against any and all claims, suits or judgments for damages to person or persons, whether in the employment of the Tenant or otherwise, or property, arising out of any cause or condition in

connection with the premises hereby leased, and due to the Tenant's fault.

14. RE-ENTRY: It is further understood and covenanted between the parties, that in the event of any breach of any covenant on the part of the Tenant to be performed and provided that such breach is not remedied by the Tenant after reasonable notice in writing to the Tenant by the Landlord, the said Landlord may re-enter and terminate this tenancy upon giving the Tenant thirty (30) days notice in writing to quit and whether or not the Landlord exercises its right to re-enter and terminate such tenancy as set forth, it shall at all times be entitled to recover by all lawful means any and all damages sustained by it through the breach of any of the said covenants on the part of the said Tenant to be performed. It is further agreed, understood and covenanted that in the event of default of the payment of the rent hereby reserved or any part thereof, when and as the same may be due and payable, the Landlord, after giving twenty (20) days notice to the Tenant, by registered air mail, shall then have the right by all lawful means recover same and the tenancy may be terminated unless the rent shall have been paid.

15. FIRE OR OTHER CASUALTY: In case of fire or other casualty the premises shall be repaired, restored and rebuilt as speedily as may be reasonably possible, and at the expense of the Landlord, and the rent and other payments by the Tenant, if any, shall cease for such period as the demised premises shall be wholly untenable, and shall be reduced by a just and reasonable amount for such period as the same shall be partially untenable. If the Landlord repairs, restores or rebuilds within ninety (90) days, the Landlord shall be deemed to have complied with the provisions hereof. In the event the Landlord fails to so do within the ninety (90) day period, then and in that event the Tenant may at its option, in addition to all other rights and remedies available to it,

within ten (10) days after the ninety (90) day period elect to terminate and cancel this lease, in which event this lease shall from such date be terminated and cancelled, and neither party shall thereafter have any further obligation with respect to the other.

16. PUBLIC SERVICE: The Landlord shall not be responsible for the temporary or other failure of the supply of city water, electric current and/or gas, from any cause whatsoever.

17. WARRANTY OF TITLE AND POSSESSION: The Landlord covenants that he is vested with the legal title to the leased premises and has the right to make this lease and that it will put the Tenant in complete and exclusive possession of the demised premises and free from all orders and notices of violations.

18. HOLD AND ENJOY: The Tenant on paying such monthly rentals and conforming to the covenants herein contained, shall and may peacefully and quietly have, enjoy and hold the said leased premises for the term aforesaid. And it is further understood and agreed that the covenants and agreements contained in the foregoing lease are binding upon the parties hereto, and their respective heirs, executors, administrators, successors, legal representatives and assigns. This lease embodies the entire contract of the parties, and shall not be altered, changed or modified in any respect whatsoever, except in writing, endorsed thereon or attached hereto, duly executed by the parties hereto, or their duly authorized agents.

19. DEFAULT BY LANDLORD: The Landlord agrees that if it fails to pay any installment of taxes or assessments or any interest, principal, costs or other charges upon any mortgage or mortgages, or other liens and encumbrances affecting the leased premises and to which this lease may be subordinate when any of the same become due, or if the Landlord fails to

make any repairs or do any work required of the Landlord by the provisions of this lease, or in any other respect fails to perform any covenant and agreement in this lease contained on the part of the Landlord to be performed, then and in any such event or events, the Tenant, after the continuance of any such failure or default for ten (10) days after notice in writing thereof is given by the Tenant to the Landlord, may at its option pay said taxes, assessments, interest, principal, costs and other charges and cure such defaults all on behalf of and at the expense of the Landlord, and do all necessary work and make all necessary payments in connection therewith including but not limiting the same to the payment of any fees, costs and charges of or in connection with any legal action which may have been brought, and the Landlord agrees to pay to the Tenant forthwith the amount so paid by the Tenant, together with interest thereon at the rate of six (6) percent, per annum, and agrees that the Tenant may withhold any and all rental payments and other payments thereafter becoming due to the Landlord pursuant to the provisions of this lease or any extension thereof and may apply the same to the payment of such indebtedness of the Landlord to the Tenant until such indebtedness is fully paid with interest thereon as herein provided. Nothing herein contained shall preclude the Tenant from proceeding to collect the amount so paid by it as aforesaid without waiting for rental off-sets to accrue.

20. NOTICES: All notices required under the terms of this lease shall be sent by registered mail to the Landlord addressed only as follows: To Landlord, care of Lic. Isaias Rodríguez Moreno at Edificio Plaza, San Juan and to the Tenant at the leased premises and at 320 West 31 Street, New York, New York, or at such other places as may be designated in writing hereafter.

21. The following is added to paragraph 3 above:

Tenant is hereby granted a third option to renew this lease upon the leased premises for an additional term of 10 years at the expiration of the second option on the same covenants, conditions and agreements as contained in this lease, provided Tenant shall give Landlord at least 60 days written notice prior to the expiration of second option of its intention to exercise this third option.

Tenant is hereby granted a fourth option to renew this lease upon the leased premises for an additional term of 10 years at the expiration of the third option on the same covenants, conditions and agreements as contained in this lease, provided Tenant shall give Landlord at least 60 days written notice prior to the expiration of third option of its intention to exercise this fourth option.

22. In the event that the term of this lease shall start on other than the first day of a calendar month, the term of this lease shall be for twelve (12) years plus such portion of the calendar month and Tenant agrees to pay the apportioned rent thereof.

23. Landlord agrees to install air conditioning pursuant to plans to be furnished by Tenant and at price to be approved by Tenant. Tenant agrees to pay any excess in Landlord's cost over \$10,000.00. Tenant will attend to servicing and repair. In the event that Tenant shall exercise its first renewal option, Tenant shall immediately receive from Landlord \$2,500.00 which parties agree will partially reimburse Landlord for servicing and repairs. If not paid, such amount may be deducted from rent.

SEE RIDER ATTACHED

Rider attached to lease - Morales Realty, Inc., with
Franklin Thirty-Four Rio Corp.

24. No action shall lie in favor of the Landlord to evict the Tenant so long as the Landlord is in default of any of the terms and conditions of this lease.

25. Tenant may install its trade fixtures during the ~~reconstruction of the building its trade fixtures during the~~ reconstruction of the building so long as such installation does not interfere with the reconstruction of the building. The installation of Tenant's fixtures shall not constitute an acceptance of the premises by Tenant.

26. The parties agree that they, or either of them may raise this writing to the category of a public deed and that such deed may be recorded in the corresponding Registry of Property. In such case the expenses therefore shall be for the account of the party desiring to do so. In the event either party shall desire to record this instrument, the other party agrees to re-execute and perform any acts necessary to satisfy recording requirements. The party who shall pay the expenses for same shall be entitled to designate the notary.

27. Landlord at its own cost and expense agrees to proceed promptly and expeditiously with the reconstruction of this property in accordance with the plans and specifications to be submitted by Landlord within 10 days and subject to Tenant's approval, and to deliver the completed premises with the necessary Use Permit to Tenant by November 30, 1959. In the event the property is not ready for Tenant's use and occupancy by November 30, 1959, Tenant may elect to cancel and terminate this lease, and upon such election to cancel and terminate this lease, there shall be no liability or obligation to either party from the other or Tenant may take such other steps or action as the law may permit. In the event Landlord is prevented from completing the construction of said premises by November 30, 1959 due to an Act of God, then the Landlord's obligation to deliver the completed premises to Tenant shall be extended up to the completed

premises to Tenant shall be extended up to February 28, 1960. If for any reason, including an Act of God or causes beyond Landlord's control, the premises are not ready for Tenant's occupancy by February 28, 1960, Tenant may elect to cancel and terminate this lease, and upon such election to cancel and terminate this lease, there shall be no liability or obligation to either party from the other, or Tenant may take such other steps or action as the law may permit.

28. Tenant is hereby granted sole and exclusive right to erect signs wherever and in such manner as it shall see fit upon the demised premises and the building and roof in which the leased premises are located, subject only to the Tenant obtaining the necessary approval and permits therefore.

29. This lease is conditioned upon and subject to the written approval by both Landlord and Tenant of the reconstruction plans and specifications for the demised premises.

30. Landlord represents that the within premises are free and clear of all liens and encumbrances and that it is the owner in full dominion title.

31. In the event that Tenant shall exercise renewal option, Tenant shall be obligated to pay each year thereafter commencing with such year to Landlord, upon demand, the _____ increase each year in real property taxes over and above the property taxes charged against the within premises during the _____ year of the term of this lease, with appropriate apportionment for parts of a year.

32. Landlord agrees to furnish and install primary electric service including transformer bank, distribution panels and secondary service. Any difference between cost of all of above and cost of secondary service over the sum of \$2,500.00 will be paid for by Tenant.

(signed) Isaias Rodríguez Moreno

"LANDLORD" and "TENANT": The word "Landlord" or "Tenant" as herein used shall include their heirs, executors, administrators, successors and assigns, respectively.

IN WITNESS WHEREOF, the parties hereto have hereunto set their respective hands and seals the year and date first above written to this agreement consisting of 32 numbered paragraphs.

MORALES REALTY INC.

(signed) Isaias Rodríguez Moreno
By _____ (Landlord)
President

(signed) Albert Rubenstein
By _____ (Tenant)
President

Affidavit. No. 3193

Commonwealth of Puerto Rico)
Municipality of San Juan) ss

Subscribed to before me by Isaias Rodríguez Moreno, of legal age, married, resident of San Juan and attorney, as President of Morales Realty Inc. and by Albert Rubenstein, of legal age, married, resident of Connecticut and executive, as President of Franklin Thirty-Four Río corp. both to me personally known, this 6th day of February 1959.

SEAL

(signed)

Notary Public

SUPPLEMENTARY AGREEMENT

Supplemental Agreement made and entered into at San Juan, Puerto Rico by and between Morales Realty, Inc., a Puerto Rican corporation, having an office in the Plaza Building in San Juan, Puerto Rico and represented the execution hereof by its president, Isafas Rodríguez Moreno, hereinafter referred to as the "Landlord" and Franklin Thirty-Four Río Corp., a Delaware corporation, having an office at Room 303, New York Department Store Building, Stop 16, San Juan, Puerto Rico, and represented the execution hereof by Albert Rubenstein, its president, hereinafter referred to as the "Tenant".

WITNESSETH:

WHEREAS, simultaneously with the signing of this Supplemental Agreement, the parties hereto have entered into a lease covering land and building located in Río Piedras and commonly known as and by the street number 70 and 72 de Diego Street, and

WHEREAS, Landlord desires to prepare for Tenant's occupancy, an additional portion of the premises, as more particularly set forth herein,

Now, therefore, in consideration for the mutual agreements herein contained, the parties agree as follows:

1. Landlord does hereby agree to enclose and cover the rear patio so that there will be an additional 1,400 square feet of space for the Tenant.

2. The work to be done by the landlord shall consist of, generally, roughing in with three outside walls and sealing with adequate roof, all plastered and painted with adequate electric outlets and power and provided with air conditioning facilities. Landlord agrees, within ten days from the date hereof, to submit to the Tenant detailed plans showing the work to be done by the Landlord and this agreement

shall not be effective until after Tenant shall have approved such plans and specifications.

3. Upon full completion of the work to be done, Tenant does hereby agree to accept such additional 1,400 square feet as part of the leased premises described in the written lease between the parties hereto referred to above and Tenant agrees to pay for such additional space the sum of fifteen hundred dollars (\$1,500.00) per annum in equal monthly installments of one hundred and sixteen dollars and sixty six cents monthly, in addition to the rent reserved in the aforesaid lease.

4. Landlord agrees to assume all risks involved if any, in connection with the construction and in connection with the existence or continued existence of such additional space and to pay any and all penalties or fines which may be imposed upon Tenant by reason therefore, should any penalties or fines ever be imposed and, should tenant have to pay any fines or expenses in connection therewith, Landlord agrees to reimburse the Tenant and in event that the Tenant does not receive reimbursement upon demand, Tenant shall have the right to deduct from any sum due the Landlord for rent under the aforesaid lease, such money as may be due to the Tenant hereunder.

5. Except as specifically set forth herein, the foregoing premises shall become part of the leased premises pursuant to the aforesaid lease and all of the terms, covenants and conditions thereof shall apply as though specifically set forth with respect to the above premises.

6. In case it shall become necessary to demolish the construction referred to above, same shall be done by Landlord at its expense and at no cost to Tenant and Landlord further agrees to finish off rear of the leased premises as described in the aforesaid lease as though the construction hereunder had never been done.

-13-

IN WITNESS WHEREOF the parties hereto do sign their
respective names at San Juan, Puerto Rico.

MORALES REALTY INC.

(signed) Isaias Rodríguez Moreno
BY _____
President

FRANKLIN THIRTY FOUR RIO CORP.

(signed) Albert Rubenstein
BY _____
President

AFFIDAVIT NO. 3194

Commonwealth of Puerto Rico)
Municipality of San Juan) ss

Subscribed to before me by Isaias Rodríguez Moreno, of
legal age, married and resident of San Juan and attorney in
his capacity as President of Morales Realty, Inc., and by
Albert Rubenstein, of legal age, married, resident of
Connecticut and executive in his capacity as President of
Franklin Thirty-Four Río Corp., both to me personally known,
this 6th day of February, 1959.

Seal

(signed)

Notary Public

ATTACHEMENT "A"

THIS AGREEMENT made this 6th day of February 1959
between Morales Realty Inc., a Puerto Rican corporation with office at
Edificio Plaza, San Juan and represented by its president, Ismael
Rodriguez Moreno

as Landlord

and Franklin Thirty-Four Rio Corp., a Delaware corporation with address
at 320 West 31 Street, New York, New York and represented by its president,
Albert Rubenstein

~~and the undersigned~~

hereinafter referred to as Tenant.

WITNESSETH:

1. PREMISES: That in consideration of the payment of the rent hereinafter agreed to be paid and in
consideration of the covenants of the parties hereto, one with another, to be performed by them at the time
and in the manner hereinafter set forth, the said Landlord does hereby lease unto said Tenant the property

situated in ~~the City of~~ Rio Piedras ~~San Juan~~ and known as ~~# 44~~ de Diego Street
~~San Juan~~ Puerto Rico and more particularly described as follows:

with entire building which consists of store covering 4150 square
feet balcony of 3750 square feet and second floor of 4150 square feet.



TERM: The term for which the premises are leased shall be FOURTEEN (14) years, beginning
1959 and ending on 1973

upon delivery of the premises by Landlord to Tenant completed in
accordance with plans and specifications and after Tenant will have
received the "Permiso de Uso."

2. a first
OPTION TO RENEW: The Tenant is hereby granted an option to renew the lease upon the leased
premises for an additional term of ten years at the expiration of the term of this lease, on the same
covenants, conditions and agreements as contained in this lease, provided that the tenant shall give the landlord
at least sixty (60) days written notice prior to the expiration of this lease, of its intention to exercise this option.
Tenant is hereby granted a second option to renew the lease upon the
leased premises for an additional term of ten years at the expiration
of the first option on the same covenants, conditions and agreements
as contained in this lease, provided Tenant shall give Landlord at
least sixty days written notice prior to the expiration of the first
option of its intention to exercise the second option.

4. RENTAL: The Tenant hereby agrees to pay to the Landlord as rent for the premises herein referred
to the sum of \$17,500.00 per annum, payable in advance in equal monthly installments of \$1,458.33
on the first day of each and every month.

5. USE AND OCCUPANCY: The Tenant will not use or occupy, or permit to be used or occupied, the said
premises for any purpose or purposes in violation of the law, local statutes, ordinances or regulations, and the
said Tenant will exempt, exonerate, and discharge the said Landlord from all claims on account of any
damage or injuries incurred by it by reason of Tenant's violation of any such laws, ordinances or regulations.

6. **SUBLEASING:** The Tenant shall have the right to assign or sublease the premises in whole or in part during the term of this lease, provided, however, that the Tenant shall remain liable under this lease in the event of the default on the part of the assignee or sub-tenant in carrying out the terms, conditions and obligations of this lease.

7. **INSURANCE:** The Tenant will not do, suffer or permit anything to be done in or about the said premises that will increase the premiums on any fire insurance policies placed by the Landlord and in the event there is a violation of this paragraph by the Tenant, then it agrees to pay the amount of increase in premiums caused by such violation.

8. **REPAIRS AND MAINTENANCE:** The Tenant agrees to maintain in good order and condition, all plumbing, heating, electrical fixtures and plate glass in the leased premises during the term of this lease. All roof, structural and exterior repairs shall be made by the Landlord, and the Landlord represents that there are no violations concerning the same and should any such violations be placed against the premises, then the Landlord will remove them.

9. **TRADE FIXTURES:** All shelving, counters and trade fixtures, including air conditioning, placed in the within leased premises by the Tenant shall remain the property of the said Tenant, and removed by it at any time during or at the end of this lease.

10. **GAS, ELECTRICITY AND WATER:** The Tenant agrees to promptly pay all bills and charges for water, electric current and/or gas assessed against it or consumed in the within leased premises during the term of this lease.

11. **ALTERATIONS AND CONSTRUCTION:** The Tenant may, at its own cost and expense, make repairs, replacements, additions, improvements, alterations or changes necessary for the business of the Tenant, provided, always, that such repairs, replacements, additions, improvements, alterations or changes shall not lessen the value of the premises. All such work shall be done in a good and workmanlike manner.

12. **TERMINATION AND SURRENDER:** The Tenant agrees that at the termination of this lease or any sooner legal termination thereof, to quit and surrender the premises hereby leased in as good order and condition as at the time of its acquisition, reasonable wear and tear excepted.

13. **LIABILITY:** The Tenant shall, during the term of this lease, hold and save the Landlord harmless against and all claims, suits or judgments for damages to person or persons, whether in the employment of the Tenant or otherwise, or property, arising out of any cause or condition in connection with the premises and due to the Tenant's fault.

14. **REENTRY:** It is further understood and covenanted between the parties, that in the event of any breach of any covenant on the part of the Tenant to be performed and provided that such breach is not remedied by the Tenant after reasonable notice in writing to the Tenant by the Landlord, the said Landlord may re-enter and terminate this tenancy upon giving the Tenant thirty (30) days notice in writing to quit and whether or not the Landlord exercises its right to re-enter and terminate such tenancy as set for a, it shall at all times be entitled to recover by all lawful means any and all damages sustained by it through the breach of any of the said covenants on the part of the said Tenant to be performed. It is further agreed, understood and covenanted that in the event of default of the payment of the rent hereby reserved or any part thereof, when and as the same may be due and payable, the Landlord, after giving twenty (20) days notice to the Tenant, by registered mail, shall then have the right to terminate the tenancy by all lawful means recover same or any such damages and the tenancy may be terminated unless the rent shall have been paid.

15. **FIRE OR OTHER CASUALTY:** In case of fire or other casualty the premises shall be repaired, restored and rebuilt as speedily as may be reasonably possible, and at the expense of the Landlord, and the rent and other payments by the Tenant, if any, shall cease for such period as the demised premises shall be wholly untenable, and shall be reduced by a just and reasonable amount for such period as the same shall be partially untenable. If the Landlord repairs, restores or rebuilds within ninety (90) days, the Landlord shall be deemed to have complied with the provisions hereof. In the event the Landlord fails to so do within the ninety (90) day period, then and in that event the Tenant may, at its option, in addition to all other rights and remedies available to it, within ten (10) days after the ninety (90) day period elect to terminate and cancel this lease, in which event this lease shall from such date be terminated and cancelled, and neither party shall thereafter have any further obligation with respect to the other.

16. **PUBLIC SERVICE:** The Landlord shall not be responsible for the temporary or other failure of the supply of city water, electric current and/or gas, from any cause whatsoever.

17. **WARRANTY OF TITLE AND POSSESSION:** The Landlord covenants that he is vested with the legal title to the leased premises and has the right to make this lease, and that it will put the Tenant in complete and exclusive possession of the demised premises and free from all orders and notices of violations.



18. HOLD AND ENJOY: The Tenant on paying such monthly rentals and conforming to the covenants herein contained, shall and may peacefully and quietly have, enjoy and hold the said leased premises for the term aforesaid. And it is further understood and agreed that the covenants and agreements contained in the foregoing lease are binding upon the parties hereto, and their respective heirs, executors, administrators, successors, legal representatives and assigns. This lease embodies the entire contract of the parties, and shall not be altered, changed or modified in any respect whatsoever, except in writing, endorsed thereon or attached hereto, duly executed by the parties hereto, or their duly authorized agents.

19. DEFAULT BY LANDLORD: The Landlord agrees that if it fails to pay any installment of taxes or assessments or any interest, principal, costs or other charges upon any mortgage or mortgages, or other liens and encumbrances affecting the leased premises and to which this lease may be subordinate when any of the same become due, or if the Landlord fails to make any repairs or do any work required of the Landlord by the provisions of this lease, or in any other respect fails to perform any covenant and agreement in this lease contained on the part of the Landlord to be performed, then and in any such event or events, the Tenant, after the continuance of any such failure or default for ten (10) days after notice in writing thereof is given by the Tenant to the Landlord, may at its option pay said taxes, assessments, interest, principal, costs and other charges and cure such defaults all on behalf of and at the expense of the Landlord, and do all necessary work and make all necessary payments in connection therewith including but not limiting the same to the payment of any fees, costs and charges of or in connection with any legal action which may have been brought, and the Landlord agrees to pay to the Tenant forthwith the amount so paid by the Tenant, together with interest thereon at the rate of ~~10%~~ 12% percent, per annum, and agrees that the Tenant may withhold any and all rental payments and other payments thereafter becoming due to the Landlord pursuant to the provisions of this lease or any extension thereof and may apply the same to the payment of such indebtedness of the Landlord to the Tenant until such indebtedness is fully paid with interest thereon as herein provided. Nothing herein contained shall preclude the Tenant from proceeding to collect the amount so paid by it as aforesaid without waiting for rental off-sets to accrue.

20. NOTICES: All notices ~~and other payments~~ required under the terms of this lease shall be sent by registered mail to the Landlord addressed only as follows: To Landlord, care of Lic. Isaias Rodriguez Moreno, at Edificio Plaza, San Juan, and to the Tenant at the leased premises and at 320 West 31 Street, New York, New York, or at such other places as may be designated in writing hereafter.



~~21. The parties agree at any time, at the request of either party, to execute a short form lease for the term of 10 years.~~
21. The following is added to paragraph 3 above:

Tenant is hereby granted a third option to renew this lease upon the leased premises for an additional term of 10 years at the expiration of the second option on the same covenants, conditions and agreements as contained in this lease, provided Tenant shall give Landlord at least 60 days written notice prior to the expiration of second option of its intention to exercise this third option.

Tenant is hereby granted a fourth option to renew this lease upon the leased premises for an additional term of 10 years at the expiration of the third option on the same covenants, conditions and agreements as contained in this lease, provided Tenant shall give Landlord at least 60 days written notice prior to the expiration of third option of its intention to exercise this fourth option.

22. In the event that the term of this lease shall start on other than the first day of a calendar month, the term of this lease shall be for twelve (12) years plus such portion of the calendar month and Tenant agrees to pay the apportioned rent thereof.

23. Landlord agrees to install air conditioning pursuant to plans to be furnished by Tenant and at price to be approved by Tenant. Tenant agrees to pay any excess in Landlord's cost over \$10,000.00. Tenant will attend to servicing and repair. In the event that Tenant shall exercise its first renewal option, Tenant shall immediately receive from Landlord \$2500.00 which parties agree will partially reimburse Landlord for servicing and repairs. If not paid, such amount may be deducted from rent.

SEE RIDER ATTACHED

Rider attached to lease - Morales Realty Inc. with
Franklin Thirty-Four Rio Corp.

24. No action shall lie in favor of the Landlord to evict the Tenant so long as the Landlord is in default of any of the terms and conditions of this lease.

25. Tenant may install its trade fixtures during the reconstruction of the building so long as such installation does not interfere with the reconstruction of the building. The installation of Tenant's fixtures shall not constitute an acceptance of the premises by Tenant.

26. The parties agree that they, or either of them may raise this writing to the category of a public deed and that such deed may be recorded in the corresponding Registry of Property. In such case the expenses therefor shall be for the account of the party desiring to do so. In the event either party shall desire to record this instrument, the other party agrees to re-execute and perform any acts necessary to satisfy recording requirements. The party who shall pay the expenses for same shall be entitled to designate the notary.

27. Landlord at its own cost and expense agrees to proceed promptly and expeditiously with the reconstruction of this property in accordance with the plans and specifications to be submitted by Landlord within 10 days and subject to Tenant's approval, and to deliver the completed premises with the necessary Use Permit to Tenant by November 30, 1959. In the event the property is not ready for Tenant's use and occupancy by November 30, 1959, Tenant may elect to cancel and terminate this lease, and upon such election to cancel and terminate this lease, there shall be no liability or obligation to either party from the other or Tenant may take such other steps or action as the law may permit. In the event Landlord is prevented from completing the construction of said premises by November 30, 1959 due to an Act of God, then the Landlord's obligation to deliver the completed premises to Tenant shall be extended up to February 28, 1960. If for any reason, including an Act of God or causes beyond Landlord's control, the premises are not ready for Tenant's occupancy by February 28, 1960, Tenant may elect to cancel and terminate this lease, and upon such election to cancel and terminate this lease, there shall be no liability or obligation to either party from the other, or Tenant may take such other steps or action as the law may permit.

28. Tenant is hereby granted sole and exclusive right to erect signs wherever and in such manner as it shall see fit upon the demised premises and the building and roof in which the leased premises are located, subject only to the Tenant obtaining the necessary approval and permits therefor.

29. This lease is conditioned upon and subject to the written approval by both Landlord and Tenant of the reconstruction plans and specifications for the demised premises.

30. Landlord represents that the within premises are free and clear of all liens and encumbrances and that it is the owner in full dominion title.



31. In the event that Tenant shall exercise renewal option, Tenant shall be obligated to pay each year thereafter, commencing with such ~~first~~ year to Landlord, upon demand, the net increase each year in real property taxes over and above the property taxes charged against the within premises during the ~~first~~ year of the term of this lease, with appropriate apportionment for parts of a year.

32. Landlord agrees to furnish and install primary electric service including transformer bank, distribution panels and secondary service. Any difference between cost of all of above and cost of secondary service over the sum of \$2500.00 will be paid for by Tenant.

John Rodriguez

JRM



"LANDLORD" AND "TENANT". The word "Landlord" or "Tenant" as herein used shall include their heirs, executors, administrators, successors and assigns, respectively.

IN WITNESS WHEREOF, the parties hereto have hereunto set their respective hands and seals the year and date first above written to this agreement consisting of 32 numbered paragraphs.

Morales Realty Inc.

By Isaías Rodríguez Moreno (Landlord)
President

Franklin Thirty-Four Rio Corp.

By Albert Rubenstein (Tenant)
President

Agreement 46-3153

Arriavit No. 3193

Commonwealth of Puerto Rico
Municipality of San Juan

Subscribed to before me by Isaias Rodriguez Moreno, of legal age, married, resident of San Juan and attorney, as president of Morales Realty Inc. and by Albert Rubenstein, of legal age, married, resident of Connecticut and executive, and which as president of Franklin Thirty-Four Rio Corp. both to be and persons known, this 6 day of February 1959.



Notary Public

STATE OF
COUNTY OF

On this day of 1959 before me personally appeared to me known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.

SUPPLEMENTAL AGREEMENT

Supplemental Agreement made and entered into at San Juan, Puerto Rico by and between Morales Realty, Inc., a Puerto Rican corporation, having an office in the Plaza Building in San Juan, Puerto Rico and represented the execution hereof by its president, Isaias Rodriguez Moreno, hereinafter referred to as the "Landlord" and Franklin Thirty-Four Rio Corp., a Delaware corporation, having an office at Room 303, New York Department Store Building, Stop 16, San Juan, Puerto Rico, and represented the execution hereof by Albert Rubenstein, its president, hereinafter referred to as the "Tenant".

WITNESSETH:

WHEREAS, simultaneously with the signing of this Supplemental Agreement, the parties hereto have entered into a lease covering land and building located in Rio Piedras and commonly known as and by the street number ~~thirty-four~~ ³⁸⁻⁷² de Diego Street and

WHEREAS, landlord desires to prepare for tenant's occupancy, an additional portion of the premises, as more particularly set forth herein,

Now, therefore, in consideration for the mutual agreements herein contained, the parties agree as follows:

1. Landlord does hereby agree to enclose and cover the rear patio so that there will be an additional 1,400 square feet of space for the tenant.

2. The work to be done by the landlord shall consist of, generally, roughing in with three outside walls and sealing with adequate roof, all plastered and painted with adequate electric outlets and power and provided with air conditioning facilities. Landlord agrees, within ten days from the date hereof, to submit



Handwritten signatures and initials:
- A signature that appears to be "Isaias" (Landlord's name).
- A signature that appears to be "Albert" (Tenant's name).
- Initials "TH" (likely for the Tenant's name).

to submit to the tenant detailed plans showing the work to be done by the landlord and this agreement shall not be effective until after tenant shall have approved such plans and specifications.

3. Upon full completion of the work to be done, tenant does hereby agree to accept such additional 1,400 square feet as part of the leased premises described in the written lease between the parties hereto referred to above and tenant agrees to pay for such additional space the sum of ~~fourteen~~ ^{FIFTEEN} ~~hundred~~ ^(41500.) hundred dollars per annum in equal monthly installments of one hundred and sixteen dollars and sixty six cents monthly, in addition to the rent reserved in the aforesaid lease.

4. Landlord agrees to assume all risks involved, if any, in connection with the construction and in connection with the existence or continued existence of such additional space and to pay any and all penalties or fines which may be imposed upon tenant by reason therefore, should any penalties or fines ever be imposed and, should tenant have to pay any fines or expenses in connection therewith, landlord agrees to reimburse the tenant and in event that the tenant does not receive reimbursement upon demand, tenant shall have the right to deduct from any sum due the landlord for rent under the aforesaid lease, such money as may be due to the tenant hereunder.

5. Except as specifically set forth herein, the foregoing premises shall become part of the leased premises pursuant to the aforesaid lease and all of the terms, covenants and conditions thereof shall apply as though specifically set forth with respect to the above premises.



Handwritten notes:
125.00
per month
+ H

6. In case it shall become necessary to demolish the construction referred to above, same shall be done by landlord at its expense and at no cost to tenant and landlord further agrees to finish off rear of the leased premises as described in the aforesaid lease as though the construction hereunder had never been done.

IN WITNESS WHEREOF the parties hereto do sign their respective names at San Juan, Puerto Rico.

MORALES REALTY INC.
BY Isaias Rodriguez Moreno
President

FRANKLIN THIRTY-FOUR RIO CORP.
BY Albert Rubenstein
President

AFFIDAVIT NO. 3154
Commonwealth of Puerto Rico
Municipality of San Juan

Subscribed to before me by Isaias Rodriguez Moreno, of legal age, married and resident of San Juan and attorney in his capacity as President of Morales Realty Inc. and by Albert Rubenstein, of legal age, married, resident of Connecticut and executive in his capacity as President of Franklin Thirty-Four Rio Corp., both to me personally known, this 6th day of February, 1959.



GUARANTEE

For and in consideration of the sum of One (\$1.00) Dollar and other good and valuable consideration paid by FRANKLIN STORES CORPORATION, a Delaware corporation, hereinafter described as "Guarantor", to Morales Realty Inc. hereinafter referred to as "Obligee-Lessor", receipt of which is hereby acknowledged, and for and in consideration of the sum of One (\$1.00) Dollar and other good and valuable consideration paid by the aforesaid Obligee-Lessor to FRANKLIN STORES CORPORATION, receipt of which is hereby acknowledged, and in consideration of the execution and delivery of a certain lease dated Feb. 1950 between Franklin Thirty-Four Rio Corp. and the Obligee-Lessor, for a certain term of years commencing on or before Nov. 30, 1959, is hereby agreed as follows:

1. Duplicates of all notices required to be given by the Obligee-Lessor in the said lease to Lessee in said lease shall likewise be given, in the same manner as provided in the said lease to FRANKLIN STORES CORPORATION, the Guarantor herein. The giving of such notices by registered mail, addressed to FRANKLIN STORES CORPORATION, 110 Lexington Avenue, New York, New York, or any other address furnished by said FRANKLIN STORES CORPORATION, shall be conclusive evidence of receipt thereof by FRANKLIN STORES CORPORATION.
2. FRANKLIN STORES CORPORATION, the Guarantor herein, does hereby guarantee that the said Franklin Thirty-Four Rio Corp. shall strictly and punctually perform each and every covenant undertaken in or under the provisions of said lease dated February 1950 hereinabove described, by said Franklin Thirty-Four Rio Corp. or by any sublessee or assignee thereof.
3. FRANKLIN STORES CORPORATION, the Guarantor herein, will pay to the Obligee-Lessor described in said lease, as said term is defined in the said lease directly upon receipt of such sums or amounts as may be owing to the Obligee-Lessor, when due, by Franklin Thirty-Four Rio Corp. or by any sublessee or assignee thereof at any time under any of the terms of the said lease.
4. FRANKLIN STORES CORPORATION, the Guarantor herein, shall have the same right to cure defaults, and with like effect under the terms of the said lease, as does the Obligee-Lessor or any sublessee or assignee thereof and may at its election, by written notice given to the Obligee-Lessor upon any default, elect to take over the leasehold interest of Franklin Thirty-Four Rio Corp. or of any sublessee or assignee thereof and assume and become primarily liable for all the obligations imposed by the terms of said lease, and the same shall thereafter continue and exist as a lease between the Obligee-Lessor and FRANKLIN STORES CORPORATION, with the latter occupying the same status prior thereto as Franklin Thirty-Four Rio Corp. or any sublessee or assignee thereof.



ATTEST:

FRANKLIN STORES CORPORATION

By *[Signature]*
President

MORALES REALTY INC.
By *[Signature]*
President

ESTADO LIBRE ASOCIADO DE PUERTO RICO
TRIBUNAL DE PRIMERA INSTANCIA
SALA SUPERIOR DE SAN JUAN

905
KAC 2010-0121

MORALES REALTY, INC.
Demandante

VS.

FRANKLIN THIRTY FOUR-RIO CORP.;
URBAN BRANDS, INC.; MARIANNE USPR,
INC., MARIANNE PR FOUR, INC.,
MARIANNE PR FIVE, INC., CARRAÍZO
ALTO APPAREL CORP.; THE NEW 5-7-9
AND BEYOND, INC.; COMPAÑÍAS DE
SEGURO X, Y Y Z; D, E Y
F; PERSONAS DESCONOCIDAS A, B Y C,

Demandados

CIVIL NUMERO:

SOBRE: Resolución de Contrato

EMPLAZAMIENTO

ESTADOS UNIDOS DE AMERICA)
EL PRESIDENTE DE LOS ESTADOS UNIDOS) SS.
EL ESTADO LIBRE ASOCIADO DE PUERTO RICO)

THE NEW 5-7-9 AND BEYOND, INC.
250 MUÑOZ RIVERA AVE.
AMERICAN INTERNATIONAL PLAZA
SUITE 800
SAN JUAN, P.R.

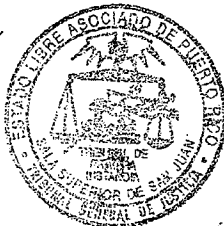
o sea, la parte demandada arriba mencionada.

POR LA PRESENTE, se le emplaza y requiere para que notifique a los
Lcdos.

MOISES ABREU CORDERO y/o
ALBERTO A. ACEVEDO VALLEJO
Ave. Luis Muñoz Souffront #454
Urb. Los Maestros,
Rio Piedras, P.R. 00923
Tel. (787) 758-7275
Fax (787) 281-8797

abogado de la parte demandante, cuya dirección es la que se deja
indicada, con copia de su contestación a la demanda, copia de la
cual le es servida en este acto, dentro de los veinte (20) días de
haber sido diligenciado este emplazamiento, si la citación se
hiciera en la isla de Puerto Rico y dentro de los veinte (20) días
si se hiciera en otra parte fuera de Puerto Rico, excluyéndose el
día del diligenciamiento, apercibiéndosele que en caso de no
hacerlo así podrá dictarse sentencia en rebeldía en contra suya,
concediendo el remedio solicitado en la demanda.

EXTENDIDO BAJO MI FIRMA y el sello del Tribunal, hoy día de
de 2002.



JAN 15 2010
LCDA. REBECCA RIVERA TORRES
SECRETARÍA REGIONAL

KEREN OLIVERAS PADILLA

CERTIFICADO DEL DILIGENCIAMIENTO DEL ALGUACIL

CERTIFICO: Que recibí este emplazamiento el día ____ de ____ de 2010, notificándolo personalmente a ____ sea, el demandado mencionado en dicho emplazamiento, el día ____ de ____ de 2002, a las ____ de la ____ en ____, Puerto Rico, entregándole personalmente copia de la Demanda presentada y copia de este emplazamiento, al dorso de la cual hice constar bajo mi firma la fecha y sitio de su entrega y notificación.

Fechado hoy día ____ de ____ de 2010, en ____, Puerto Rico.

Alguacil

Por: _____
Alguacil Auxiliar

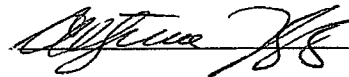
DILIGENCIAMIENTO POR PERSONA PARTICULAR

Yo, ALTAGRACIA VÁZQUEZ, previamente juramentado, DECLARO:

Que me llamo como queda dicho; soy mayor de 21 años de edad; se leer y escribir; y no soy abogado del demandante en este asunto, ni parte en este pleito, no teniendo tampoco interés en el mismo.

Que recibí este emplazamiento el día 15 de ENERO de 2010, notificándolo personalmente a The New 5-7-9 And Beyond P/C sea el demandado mencionado en dicho emplazamiento, el día 15 de ENERO de 2010, a las 2:15 de la TARDE en AMERICAN Int. Plaza Suite 800 M. Rivera Puerto Rico, entregándole personalmente copia de la Demanda presentada y copia de este Emplazamiento, al dorso de la cual hice constar, bajo mi firma, la fecha y sitio de su entrega y notificación.

Diligenciante



Jurado y suscrito ante mí por _____ quien es mayor de edad, _____ y vecino de _____, Puerto Rico, a quien conozco personalmente en _____, Puerto Rico, hoy día ____ de ____ de 2010.

NOTARIO PÚBLICO

Stephen M. Doniger, Esq. (SBN 179314)
Scott A. Burroughs, Esq. (SBN 235718)
DONIGER / BURROUGHS APC
300 Corporate Pointe, Suite 355
Culver City, California 90230
Telephone: (310) 590-1820
Facsimile: (310) 417-3538

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

L.A. PRINTEX INDUSTRIES, INC.

Plaintiff(s)

v.

MEETV MAGIC INC.; et al.

Defendant(s)

CASE NUMBER:

CV10-10041 CAS (JCx)

PROOF OF SERVICE
SUMMONS AND COMPLAINT

(Use separate proof of service for each person/party served)

1. At the time of service I was at least 18 years of age and not a party to this action and I served copies of the *(specify documents)*:
 - a. ☒ summons ☒ complaint ☐ alias summons ☐ first amended complaint
☐ second amended complaint
☐ third amended complaint
 - ☐ other *(specify)*:
2. Person served:
 - a. ☒ Defendant *(name)*: MARIANNE STORES, INC., a new Jersey Corporation
 - b. ☐ Other *(specify name and title or relationship to the party/business named)*:
 - c. ☒ Address where papers were served: 1000 PENNSYLVANIA AVE. BROOKLYN NY 11207
3. Manner of Service in compliance with *(the appropriate box must be checked)*:
 - a. ☐ Federal Rules of Civil Procedure
 - b. ☒ California Code of Civil Procedure
4. I served the person named in Item 2:
 - a. ☐ By Personal service. By personally delivering copies. If the person is a minor, by leaving copies with a parent, guardian, conservator or similar fiduciary and to the minor if at least twelve (12) years of age.
 1. ☐ Papers were served on *(date)*: _____ at *(time)*: _____
 - b. ☐ By Substituted service. By leaving copies:
 1. ☐ *(home)* at the dwelling house, usual place of abode, or usual place of business of the person served in the presence of a competent member of the household, at least 18 years of age, who was informed of the general nature of the papers.
 2. ☐ *(business)* or a person apparently in charge of the office of place of business, at least 18 years of age, who was informed of the general nature of the papers.
 3. ☐ Papers were served on *(date)*: _____ at *(time)*: _____
 4. ☐ by mailing *(by first-class mail, postage prepaid)* copies to the person served in Item 2(b) at the place where the copies were left in Item 2(c).
 5. ☐ papers were mailed on *(date)*: _____
 6. ☐ due diligence. I made at least three (3) attempts to personally serve the defendant.

PROOF OF SERVICE - SUMMONS AND COMPLAINT

- c. ☐ **Mail and acknowledgment of service.** By mailing (*by first-class mail or airmail, postage prepaid*) copies to the person served, with two (2) copies of the form of Waiver of Service of Summons and Complaint and a return envelope, postage prepaid addressed to the sender. (**Attach completed Waiver of Service of Summons and Complaint**).
- d. ☐ **Service on domestic corporation, unincorporated association (including partnership), or public entity. (F.R.Civ.P. 4(h)) (C.C.P. 416.10)** By delivering, during usual business hours, a copy of the summons and complaint to an officer, a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process and, if the agent is one authorized by statute and the statute so requires, by also mailing, by first-class mail, postage prepaid, a copy to the defendant.
- e. ☐ **Substituted service on domestic corporation, unincorporated association (including partnership), or public entity. (C.C.P. 415.20 only)** By leaving during usual office hours, a copy of the summons and complaint in the office of the person served with the person who apparently was in charge and thereafter by mailing (*by first-class mail, postage prepaid*) copies to the persons at the place where the copies were left in full compliance with C.C.P. 415.20. Substitute service upon the California Secretary of State requires a court order. (**Attach a copy of the order to this Proof of Service**).
- f. ☐ **Service on a foreign corporation.** In any manner prescribed for individuals by FRCP 4(f).
- g. ☒ **Certified or registered mail service.** By mailing to an address outside California (*by first-class mail, postage prepaid, requiring a return receipt*) copies to the person served. (**Attach signed return receipt or other evidence of actual receipt by the person served**).
- h. ☐ **Other** (specify code section and type of service):

5. **Service upon the United States, and Its Agencies, Corporations or Officers.**

- a. ☐ by delivering a copy of the summons and complaint to the clerical employee designated by the U.S. Attorney authorized to accept service, pursuant to the procedures for the Office of the U.S. Attorney for acceptance of service, or by sending a copy of the summons and complaint by registered or certified mail addressed to the civil process clerk at the U.S. Attorneys Office.

Name of person served:

Title of person served:

Date and time of service: (date): _____ at (time): _____

- b. ☐ By sending a copy of the summons and complaint by registered or certified mail to the Attorney General of the United States at Washington, D.C. (**Attach signed return receipt or other evidence of actual receipt by the person served**).
- c. ☐ By sending a copy of the summons and complaint by registered or certified mail to the officer, agency or corporation (**Attach signed return receipt or other evidence of actual receipt by the person served**).

6. **At the time of service I was at least 18 years of age and not a party to this action.**

7. **Person serving (name, address and telephone number):**

Ann Grozman
DONIGER / BURROUGHS APC
300 Corporate Pointe, Suite 355
Culver City, California 90230
Telephone: (310) 590-1820
Facsimile: (310) 417-3538

- a. Fee for service: \$
- b. ☒ Not a registered California process server
- c. ☐ Exempt from registration under B&P 22350(b)
- d. ☐ Registered California process server

8. ☐ I am a California sheriff, marshal, or constable and I certify that the foregoing is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Date: 01/20/2011

(Signature)

PROOF OF SERVICE - SUMMONS AND COMPLAINT

1 Stephen M. Doniger, Esq. (SBN 179314)
2 stephen@donigerlawfirm.com
3 Scott A. Burroughs, Esq. (SBN 235718)
4 scott@donigerlawfirm.com
5 DONIGER / BURROUGHS APC
6 300 Corporate Pointe, Suite 355
7 Culver City, California 90230
8 Telephone: (310) 590-1820
9 Facsimile: (310) 417-3538

10 Attorneys for Plaintiff

11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA

13 L.A. PRINTEX INDUSTRIES, INC., a
14 California Corporation,

15 Plaintiff,

16 vs.

17 MEETV MAGIC INC., a New York
18 Corporation; ROSS STORES, INC., a
19 California Corporation; DAFFY'S INC., a
20 New Jersey Corporation; STAR OF
21 INDIA FASHIONS, INC., an Arizona
22 Corporation; MARIANNE STORES,
23 INC., a new Jersey Corporation; VALUE
24 CITY DEPARTMENT STORES, LLC,
25 an Ohio Limited Liability Company; and
26 DOES 1-10,
27 Defendants.

Case No.

CV 10-10041 CAS(JL)

PLAINTIFF'S COMPLAINT FOR:

1. COPYRIGHT INFRINGEMENT;
2. VICARIOUS AND/OR CONTRIBUTORY COPYRIGHT INFRINGEMENT

Jury Trial Demanded

28 L.A. Printex Industries, Inc. ("Plaintiff"), by and through its undersigned
attorneys, hereby prays to this honorable Court for relief based on the following:

FILED
10 DEC 29 PM 2:40
CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES
BY: _____

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8

8

9

0

3

4

7

A

1

25

1 principal place of business located at 4440 Rosewood Drive, Building 4, Pleasanton,
2 California, 94588, and doing business in and with the State of California.

3 7. Plaintiff is informed and believes and thereon alleges that Defendant
4 DAFFY'S INC. (DAFFY'S) is a corporation organized and existing under the laws
5 of the State of New Jersey with its principal place of business located at Duffy's
6 Way, Secaucus, New Jersey 07094, and doing business in and with the state of
7 California.

8 8. Plaintiff is informed and believes and thereon alleges that Defendant STAR
9 OF INDIA FASHIONS, INC. ("STAR OF INDIA") is a corporation organized and
10 existing under the laws of the State of Arizona with its principal place of business
11 located at 1038 West Southern Avenue, Tempe, Arizona, 85283, and doing business
12 in and with the state of California.

13 9. Plaintiff is informed and believes and thereon alleges that Defendant
14 MARIANNE STORES, INC. ("MARIANNE") is believed to be a New Jersey
15 Corporation with its principal place of business located at 100 Metro Way, Secaucus,
16 New Jersey 07094, and doing business in and with the State of California.

17 10. Plaintiff is informed and believes and thereon alleges that Defendant
18 VALUE CITY DEPARTMENT STORES, LLC ("VALUE CITY") is a business
19 entity of form unknown with its principal place of business located at 50 West Broad
20 Street, Suite 1800, Columbus, Ohio 43215, and doing business with and in the State
21 of California.

22 11. Plaintiff is informed and believes and thereon alleges that some of
23 Defendants DOES 1 through 3, inclusive, are manufacturers and/or vendors of
24 garments to Defendant, which DOE Defendants have manufactured and/or supplied
25 and are manufacturing and/or supplying garments comprised of fabric printed with
26 Plaintiff's copyrighted designs (as hereinafter defined) without Plaintiff's knowledge
27 or consent or have contributed to said infringement. The true names, whether
28

1 corporate, individual or otherwise of Defendants DOES 1-3, inclusive, are presently
2 unknown to Plaintiff, which therefore sues said Defendants by such fictitious names
3 and will seek leave to amend this complaint to show their true names and capacities
4 when same have been ascertained. Defendants DOES 4 through 10, inclusive, are
5 other parties not yet identified who have infringed Plaintiff's copyrights, have
6 contributed to the infringement of Plaintiff's copyrights, or have engaged in one or
7 more of the wrongful practices alleged herein. The true names, whether corporate,
8 individual or otherwise, of Defendants 4 through 10, inclusive, are presently
9 unknown to Plaintiff, which therefore sues said Defendants by such fictitious names,
10 and will seek leave to amend this Complaint to show their true names and capacities
11 when same have been ascertained.

12 12. Plaintiff is informed and believes and thereon alleges that at all times
13 relevant hereto each of the Defendants was the agent, affiliate, officer, director,
14 manager, principal, alter-ego, and/or employee of the remaining Defendants and was
15 at all times acting within the scope of such agency, affiliation, alter-ego relationship
16 and/or employment; and actively participated in or subsequently ratified and
17 adopted, or both, each and all of the acts or conduct alleged, with full knowledge of
18 all the facts and circumstances, including, but not limited to, full knowledge of each
19 and every violation of Plaintiff's rights and the damages to Plaintiff proximately
20 caused thereby.

21 **CLAIMS RELATED TO DESIGN NO. C30028**

22 13. Prior to the conduct complained of herein, Plaintiff composed an original
23 two-dimensional artwork for purposes of textile printing. It allocated this design
24 Plaintiff's Internal Design Number C30028 ("Subject Design A"). A true and
25 correct image of Subject Design A is attached as Exhibit 1.

26 14. Plaintiff applied for and received copyright registration for the Subject
27 Design on January 17, 2003, with the Subject Design being granted the assignment
28

1 of Registration No. VAu 575-656. A true and correct image of said registration
2 covering Subject Design A is attached as Exhibit 2.

3 15. Prior to the acts complained of herein, Plaintiff sampled and sold fabric
4 bearing Subject Design A to numerous parties in the fashion and apparel industries.

5 16. Following this distribution of product bearing Subject Design A, Plaintiff's
6 investigation revealed that certain entities within the fashion and apparel industries
7 had misappropriated Subject Design A, and were selling fabric and garments bearing
8 illegal reproductions and derivations of Subject Design A.

9 17. Specifically, Plaintiff's investigation revealed that garments with a fabric
10 design identical or substantially similar to Subject Design A were being sold at the
11 retail level by ROSS. Said garments were manufactured, imported, distributed,
12 and/or sold to the above retailer, amongst others, by MVM. These garments include,
13 but are not limited to, garments sold at retail by ROSS under SKU 400032127322,
14 with MVM's internal style number 5206 ("Infringing Garment A").

15 18. Plaintiff's investigation also revealed that garments with a fabric design
16 identical or substantially similar to Subject Design A were being sold by DAFFY'S.
17 Said garments were manufactured, imported, distributed and/or sold to the above
18 retailers, amongst others, by STAR OF INDIA. These garments include, but are not
19 limited to, garments sold at retail by DAFFY'S under SKU 1364310001019, with
20 STAR OF INDIA's internal style number 26C08/P.N.29 ("Infringing Garment B").

21 19. Plaintiff is informed and believes and thereon alleges that above-
22 referenced garments were sold by Defendants ROSS, DAFFY's, STAR OF INDIA,
23 and MVM in numerous styles, sizes, cuts and colors, and notes that the garments at
24 issue in this case are any garments that Defendants ROSS, DAFFY'S, STAR OF
25 INDIA, and MVM created, manufactured, caused to be manufactured, imported,
26 distributed, and/or sold that bear a design substantially similar or identical to Subject
27 Design A.

28 20. Plaintiff issued cease and desist letters to Defendants ROSS, DAFFY's,

1 STAR OF INDIA, and MVM and is informed and believes and thereon alleges that,
2 in spite of their receipt of the aforementioned cease and desist demand letters,
3 Defendants continued to sell infringing garments in violation of Plaintiff's rights as
4 the copyright proprietor and owner of Subject Design A.

5 **CLAIMS RELATED TO DESIGN NO. E50256**

6 21. Prior to the conduct complained of herein, Plaintiff composed an original
7 two-dimensional artwork for purposes of textile printing. It allocated this design
8 Plaintiff's Internal Design Number E50256 ("Subject Design B"). A true and correct
9 image of the Subject Design B is attached as Exhibit 3.

10 22. Plaintiff applied for and received copyright registration for the Subject
11 Design on October 24, 2006, with the Subject Design being granted the assignment
12 of Registration No. VA 1-404-244. A true and correct image of said registration
13 covering Subject Design B is attached as Exhibit 4.

14 23. Prior to the acts complained of herein, Plaintiff sampled and sold fabric
15 bearing Subject Design B to numerous parties in the fashion and apparel industries.

16 24. Following this distribution of product bearing Subject Design B, Plaintiff's
17 investigation revealed that certain entities within the fashion and apparel industries
18 had misappropriated the Subject Design B, and were selling fabric and garments
19 bearing illegal reproductions and derivations of the Subject Design B.

20 25. Specifically, Plaintiff's investigation revealed that garments with a fabric
21 design identical or substantially similar to Subject Design B were being sold by
22 MARIANNE under SKU 402410122356 and SKU 402410122332, with MVM's
23 internal style numbers 2481 and 2482 ("Infringing Garments B"). Said garments
24 were manufactured, imported, distributed, and/or sold to the above retailer, amongst
25 others, by MVM.

26 26. Plaintiff's investigation also revealed that garments with a fabric design
27 identical or substantially similar to Subject Design B were being sold by VALUE
28

1 CITY. Said garments were manufactured, imported, distributed, and/or sold to the
2 above retailer, amongst others, by MVM. These garments include, but are not
3 limited to, garments sold at retail by VALUE CITY under SKU 000-3498323, with
4 MVM's internal style number 94479 ("Infringing Garment C").

5 27. Plaintiff is informed and believes and thereon alleges that above-
6 referenced garments were sold by Defendants MARRIANNE, VALUE CITY, and
7 MVM in numerous styles, sizes, cuts and colors, and notes that the garments at issue
8 in this case are any garments that MVM created, manufactured, caused to be
9 manufactured, imported, distributed, and/or sold that bear a design substantially
10 similar, or identical, to Subject Design B.

11 28. Plaintiff issued cease and desist letters to certain of the above parties, and
12 is informed and believes and thereon alleges that, in spite of their receipt of the
13 aforementioned cease and desist demand letters, Defendants continued to sell
14 Infringing Garments C and D in violation of Plaintiff's rights as the copyright
15 proprietor and owner of Subject Design.

16 29. Subject Design A and Subject Design B will be collectively referred to as
17 "Subject Designs," and Infringing Garments A, B, C, and D be referred to
18 collectively as "Infringing Garments."

19 **FIRST CLAIM FOR RELIEF**

20 (For Copyright Infringement - Against All Defendants, and Each)

21 30. Plaintiff repeats, realleges and incorporates herein by reference as though
22 fully set forth the allegations contained in Paragraphs 1 through 29, inclusive, of this
23 Complaint.

24 31. Plaintiff is informed and believes and thereon alleges that Defendants, and
25 each of them, had access to the Subject Designs, including but not limited to (a)
26 access to Plaintiff's showroom and/or design library; (b) access to lawful fabric
27 and/or garments in the marketplace, (c) access to illegally distributed copies of the
28

1 Subject Designs by third-party vendors, including but not limited to international
2 and/or overseas converters and printing mills; and (d) access to Plaintiff's strike-offs
3 and samples.

4 32. Plaintiff is informed and believes and thereon alleges that one or more of
5 the Defendants manufactures garments and/or is a garment vendor. Plaintiff is
6 further informed and believes and thereon alleges that said Defendant(s) has an
7 ongoing business relationship with Defendant retailers, and each of them, and
8 supplied Infringing Garments to such retailers after creating, manufacturing,
9 importing, or purchasing fabrics or other piece goods which featured unauthorized
10 print designs that were identical or substantially similar to one or more of the Subject
11 Designs.

12 33. Plaintiff is informed and believes and thereon alleges that Defendants, and
13 each of them, infringed Plaintiff's copyrights by creating, making and/or developing
14 directly infringing and/or derivative works from the Subject Designs and by
15 producing, distributing and/or selling Infringing Garments through a nationwide
16 network of retail stores and through on-line websites.

17 34. Due to Defendants' acts of infringement, Plaintiff has suffered substantial
18 damages to its business in an amount to be established at trial.

19 35. Due to Defendants' acts of infringement, Plaintiff has suffered damage to
20 its reputation and goodwill, lost profits, a diminution to the value of the market for
21 its designs, and other general and special damages in an amount to be established at
22 trial.

23 36. Due to Defendants' acts of copyright infringement as alleged herein,
24 Defendants, and each of them, have obtained direct and indirect profits they would
25 not otherwise have realized but for their infringement of the Subject Designs. As
26 such, Plaintiff is entitled to disgorgement of Defendant's profits directly and
27
28

1 indirectly attributable to Defendant's infringement of the Subject Designs in an
2 amount to be established at trial.

3 37. Plaintiff is informed and believes and thereon alleges that Defendants, and
4 each of them, have continued to import, manufacture, cause to be manufactured
5 and/or sell Infringing Garments after Plaintiff demanded that they cease and desist
6 from engaging in same. Therefore, Defendants' acts of copyright infringement as
7 alleged above were, and continue to be, willful, intentional and malicious, which
8 further subjects Defendants, and each of them, to liability for statutory damages
9 under Section 504(c)(2) of the Copyright Act in the sum of up to one hundred fifty
10 thousand dollars (\$150,000) per infringement. Further, Defendants', and each of
11 their, knowing, willful and intentional misappropriation and/or infringement of
12 Plaintiff's copyrighted Subject Designs renders Defendants, and each of them, liable
13 for statutory damages as described herein. Within the time permitted by law,
14 Plaintiff will make its election between actual damages and statutory damages.

15 **SECOND CLAIM FOR RELIEF**

16 (For Vicarious and/or Contributory Copyright Infringement - Against All
17 Defendants, and Each)

18 38. Plaintiff repeats, realleges and incorporates herein by reference as though
19 fully set forth the allegations contained in Paragraphs 1 through 37, inclusive, of this
20 Complaint.

21 39. Plaintiff is informed and believes and thereon alleges that Defendants
22 knowingly induced, participated in, aided and abetted in, and profited from the
23 illegal reproduction and/or subsequent sales of garments featuring one or more of the
24 Subject Designs as alleged hereinabove.

25 40. Plaintiff is informed and believes and thereon alleges that Defendants, and
26 each of them, are vicariously liable for the infringements alleged herein because they
27
28

1 had the right and ability to supervise the infringing conduct and because they had a
2 direct financial interest in the infringing conduct.

3 41. By reason of the Defendants', and each of their, acts of contributory
4 infringement as alleged above, Plaintiff has suffered and will continue to suffer
5 substantial damages to its business in an amount to be established at trial, as well as
6 additional general and special damages in an amount to be established at trial.

7 42. Due to Defendants' acts of copyright infringement as alleged herein,
8 Defendants, and each of them, have obtained direct and indirect profits they would
9 not otherwise have realized but for their infringement of the Subject Designs. As
10 such, Plaintiff is entitled to disgorgement of Defendants' profits directly and
11 indirectly attributable to Defendants' infringement of the Subject Designs, in an
12 amount to be established at trial.

13 43. Plaintiff is informed and believes and thereon alleges that Defendants, and
14 each of them, have continued to manufacture and/or sell Infringing Garments after
15 Plaintiff demanded that they cease and desist from engaging in same. Therefore,
16 Defendants' acts of copyright infringement as alleged above were, and continue to
17 be, willful, intentional and malicious, subjecting Defendants, and each of them, to
18 liability therefore, including statutory damages under Section 504(c)(2) of the
19 Copyright Act in the sum of one hundred fifty thousand dollars (\$150,000) per
20 infringement. Further, Defendants', and each of their, willful and intentional
21 misappropriation and/or infringement of Plaintiff's copyrighted Subject Designs
22 renders Defendants, and each of them, liable for statutory damages as described
23 herein. Within the time permitted by law, Plaintiff will make its election between
24 actual damages and statutory damages.

25 **PRAYER FOR RELIEF**

26 Wherefore, Plaintiff prays for judgment as follows:

27 **Against All Defendants**

1. With Respect to Each Claim for Relief

- a. That Defendants, their agents and servants be enjoined from selling product, or otherwise, infringing Plaintiff's copyrights in the Subject Designs;
- b. That Plaintiff be awarded all profits of Defendants plus all losses of Plaintiff, the exact sum to be proven at the time of trial, or, if elected before final judgment, statutory damages as available under the Copyright Act, 17 U.S.C. § 101 et seq.;
- c. That Plaintiff be awarded its attorneys' fees as available under the Copyright Act 17 U.S.C. § 101 et seq.;
- d. That Defendants, and each of them, account to Plaintiff for their profits and any damages sustained by Plaintiff arising from the foregoing acts of infringement;
- e. That Plaintiff be awarded pre-judgment interest as allowed by law;
- f. That Plaintiff be awarded the costs of this action; and
- g. That Plaintiff be awarded such further legal and equitable relief as the Court deems proper.

Plaintiff demands a jury trial pursuant to Fed. R. Civ. P. 38 and the 7th Amendment to the United States Constitution.

Dated: December 28, 2010

DONIGER / BURROUGHS

By:

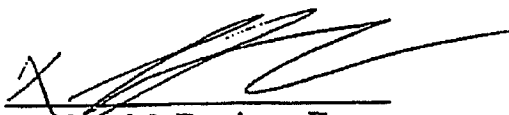

Stephen M. Doniger, Esq.
Attorneys for Plaintiff
L.A. PRINTEX INDUSTRIES, INC.

EXHIBIT 1

C30028



EXHIBIT 2

CERTIFICATE OF REGISTRATION



OFFICIAL SEAL

This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.

Marybeth Peters

REGISTER OF COPYRIGHTS
United States of America

FORM VA

Work of the Visual Arts
UNITED STATES COPYRIGHT OFFICE

REGIS

VAU 575-656



EFFECTIVE DATE OF REGISTRATION

JAN 17 2003
Month Day Year

TITLE OF THIS WORK

NATURE OF THIS WORK See instructions

PREVIOUS OR ALTERNATIVE TITLES

Wall paper group B

Publication as a Contribution If this work was published as a contribution to a periodical, serial, or collection, give information about the collective work in which the contribution appeared. Title of Collective Work

D/# C 300-28 C 300-12 C 300-13 C 300-14 C 300-15
If published in a periodical or serial give: Volume Number Issue Date On Pages

NAME OF AUTHOR

DATES OF BIRTH AND DEATH
Year Born Year Died

Was this contribution to the work a "work made for hire"?

Author's Nationality or Domicile
Name of Country

Was This Author's Contribution to the Work

Anonymous? Yes No Pseudonymous? Yes No

NATURE OF AUTHORSHIP Check appropriate box(es). See instructions

- ☐ 3-Dimensional sculpture
- ☒ 2-Dimensional artwork
- ☐ Reproduction of work of art
- ☐ Map
- ☐ Photograph
- ☐ Jewelry design
- ☐ Technical drawing
- ☐ Text
- ☐ Architectural work

NAME OF AUTHOR

DATES OF BIRTH AND DEATH
Year Born Year Died

Was this contribution to the work a "work made for hire"?

Author's Nationality or Domicile
Name of Country

Was This Author's Contribution to the Work

Anonymous? Yes No Pseudonymous? Yes No

NATURE OF AUTHORSHIP Check appropriate box(es). See instructions

- ☐ 3-Dimensional sculpture
- ☐ 2-Dimensional artwork
- ☐ Reproduction of work of art
- ☐ Map
- ☐ Photograph
- ☐ Jewelry design
- ☐ Technical drawing
- ☐ Text
- ☐ Architectural work

Year in Which Creation of This Work Was Completed

Date and Nation of First Publication of This Particular Work

2002

This information must be given in all cases.

Complete this information ONLY if this work has been published.

COPYRIGHT CLAIMANT(S) Name and address must be given even if the claimant is the same as the author given in space 2.

*L.A. PRINTER
3270 E. 26th St.
VERNON CA 90053*

Transfer If the claimant(s) named here in space 4 is (are) different from the author(s) named in space 2, give a brief statement of how the claimant(s) obtained ownership of the copyright.

APPLICATION RECEIVED
JAN 17 2003

ONE DEPOSIT RECEIVED

JAN 17 2003

TWO DEPOSITS RECEIVED

FUNDS RECEIVED

MORE ON BACK

Complete all applicable spaces (numbers 5-9) on the reverse side of this page.
Sign the form at line 8.

DO NOT WRITE HERE

Page 1 of 2 pages

NOTE

Under the law, the "author" of a "work made for hire" is the employer, not the employee (see instructions). For any part of this work that was "made for hire" check "Yes" in the space provided, give the employer (or other person for whom the work was prepared) as "Author" of that part, and leave the space for dates of birth and death blank.

EXAMINED BY JRM

FORM VA

CHECKED BY Mag
☐ CORRESPONDENCE
Yes
FOR
COPYRIGHT
OFFICE
USE
ONLY

DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CONTINUATION SHEET.

PREVIOUS REGISTRATION Has registration for this work, or for an earlier version of this work, already been made in the Copyright Office?

☐ Yes ☐ No If your answer is "Yes," why is another registration being sought? (Check appropriate box.) ▼
a. ☐ This is the first published edition of a work previously registered in unpublished formb. ☐ This is the first application submitted by this author as copyright claimant.c. ☐ This is a changed version of the work, as shown by space 6 on this application.

If your answer is "Yes," give: Previous Registration Number ▼

Year of Registration ▼

DERIVATIVE WORK OR COMPILATION Complete both space 6a and 6b for a derivative work; complete only 6b for a compilation

a. Preexisting Material Identify any preexisting work or works that this work is based on or incorporates. ▼

See Instructions
before completing
this space.

b. Material Added to This Work Give a brief, general statement of the material that has been added to this work and in which copyright is claimed. ▼

DEPOSIT ACCOUNT If the registration fee is to be charged to a Deposit Account established in the Copyright Office, give name and number of Account
Name ▼ Account Number ▼

CORRESPONDENCE Give name and address to which correspondence about this application should be sent. Name Address Apt/City/State/ZIP ▼

L.A. PRINTER
3270 E 26th St.
VERNON CA 90023

ATTN: Esther

Area code and daytime telephone number ▶ (323) 267-0100

Fax number ▶ (323) 267-0700

Email ▶

CERTIFICATION* I, the undersigned, hereby certify that I am the

check only one ▶

☐ author☐ other copyright claimant☐ owner of exclusive right(s)☐ authorized agent of

Name of author or other copyright claimant, or owner of exclusive right(s)

of the work identified in this application and that the statements made by me in this application are correct to the best of my knowledge.

Typed or printed name and date ▼ If this application gives a date of publication in space 3, do not sign and submit it before that date.

Esther Jung

Date ▶ 12/29/02

Handwritten signature (X) ▼

X Esther

Certificate
will be
mailed in
window
envelope
to this
address:

Name ▼

L.A. PRINTER

Number/Street/Apt ▼

3270 E 26th St

City/State/ZIP ▼

VERNON CA 90023

YOU MUST

Complete all necessary spaces

Sign your application in space 8

SEND ALL ELEMENTS

IN THE SAME PACKAGE

1. Application form

2. Nonrefundable filing fee in check or money

3. Deposit material

MAIL TO

Library of Congress

Copyright Office

101 Independence Avenue, S.E.

Washington, D.C. 20559-6009



*17 U.S.C. § 800(a): Any person who knowingly makes a false representation of a material fact in the application for copyright registration provided for by section 409, or in any written statement filed in connection with the application, shall be fined not more than \$2,500.

June 1999 - 100,000
WEB REV. June 1999

PRINTED ON RECYCLED PAPER

U.S. GOVERNMENT PRINTING OFFICE: 1999-454-679/1

EXHIBIT 3



EXHIBIT 4

Certificate of Registration



This Certificate issued under the seal of the Copyright Office in accordance with title 17, United States Code, attests that registration has been made for the work identified below. The information on this certificate has been made a part of the Copyright Office records.

Marybeth Peters

Register of Copyrights, United States of America



Form VA

For a Work of the Visual Arts
UNITED STATES COPYRIGHT OFFICE

1504

VA 1-404-244



OCT 24 2006

Month Day Year

STATE CONTINUATION SHEET

NATURE OF THIS WORK *See instructions*

TEXTILE DESIGN

1

Title of This Work *V*

LAP-06-E8

Previous or Alternative Titles *V*

E50255 E50256

Publication as a Contribution: If this work was published as a contribution to a periodical, serial, or collection, give information about the collective work in which the contribution appeared. Title of Collective Work *V*

If published in a periodical or serial give: Volume *V*

Number *V*

Issue Date *V*

On Page *V*

2

NAME OF AUTHOR *V*

a LA PRINTEX INDUSTRIES, INC

DATES OF BIRTH AND DEATH

Year Born *V* Year Dead *V*

Was this contribution to the work a

"work made for hire?"

☒ Yes

☐ No

Author's Nationality or Domestic

Home of Country

OR Claim of

Domesticity in USA

Was This Author's Contribution to the Work

Anonymous? ☐ Yes ☐ No

Pseudonymous? ☐ Yes ☐ No

If the answer to either of these questions is "Yes," also furnish appropriate

Nature of Authorship Check appropriate box(es). See instructions

☐ 3 Dimensional sculpture

☐ Map

☐ Technical drawing

☒ 2 Dimensional artwork

☐ Photograph

☐ Text

☐ Reproduction of work of art

☐ Jewelry design

☐ Architectural work

Name of Author *V*

b LA PRINTEX INDUSTRIES, INC

Dates of Birth and Death

Year Born *V*

Year Dead *V*

Was this contribution to the work a

"work made for hire?"

☒ Yes

☐ No

Author's Nationality or Domestic

Home of Country

OR Claim of

Domesticity in USA

Was This Author's Contribution to the Work

Anonymous? ☐ Yes ☐ No

Pseudonymous? ☐ Yes ☐ No

If the answer to either of these questions is "Yes," also furnish appropriate

Nature of Authorship Check appropriate box(es). See instructions

☐ 3 Dimensional sculpture

☐ Map

☐ Technical drawing

☐ 2 Dimensional artwork

☐ Photograph

☐ Text

☐ Reproduction of work of art

☐ Jewelry design

☐ Architectural work

3

Year in Which Creation of This Work Was

Completed 2006

This information must be given in all cases.

Date and Nation of First Publication of This Particular Work

Complete this information ONLY IF this work has been published

Month OCTOBER Day 15 Year 2006

Nation USA

4

COPYRIGHT CLAIMANT(s) Name and address must be given even if the claimant is the same as the author given in space 2. *V*

LA PRINTEX INDUSTRIES, INC
3270 E 26TH ST VERNON, CA 90023

Transfer: If the claimant(s) named here in space 4 is (are) different from the author(s) named in space 2, give a brief statement of how the claimant(s) obtained ownership of the copyright. *V*

APPLICATION RECEIVED

MAY 07 2007 Oct. 24 2006

ONE DEPOSIT RECEIVED

MAY 07 2007 Oct. 24 2006

TWO DEPOSITS RECEIVED

FUNDS RECEIVED

funds received Oct. 24 2006

MORE ON BACK

Complete all application spaces (numbers 1-9) on the reverse side of this page. See detailed instructions. Sign the form at box 9.

DO NOT WRITE HERE

Page 1 of 2 pages

EXAMINED BY SDW FORM VA
CHECKED BY

☒ CORRESPONDENCE
Yes

FOR
COPYRIGHT
OFFICE
USE
ONLY

DO NOT WRITE ABOVE THIS LINE. IF YOU NEED MORE SPACE, USE A SEPARATE CONTINUATION SHEET.

PREVIOUS REGISTRATION has registration for this work, or for an earlier version of this work, already been made in the Copyright Office?

☐ Yes ☐ No. If your answer is "Yes," why is another registration being sought? (Check appropriate box.)

a. ☐ This is the first published edition of a work previously registered in unpublished form.

b. ☐ This is the first application submitted by this author or copyright claimant.

c. ☐ This is a changed version of the work, as shown by items 6 on this application.

If your answer is "Yes," give Previous Registration Number.

Year of Registration

DERIVATIVE WORK OR COMPILED WORK. Complete both parts a and b for a derivative work. Complete only b for a compilation.

a. Providing material identity for preexisting work or works that this work is based on or incorporates.

b. Material Added to This Work. Give a brief general statement of the material that has been added to this work, and to which copyright is claimed.

DEPOSIT ACCOUNT. If the registration fee is to be charged to a Deposit Account established in the Copyright Office, give name and address of Account.

Name

Address

CORRESPONDENCE. Give name and address to which correspondence about this application should be sent. Please include zip code.

LA PRINTEX INDUSTRIES, INC.

3270 E 26TH ST VERNON CA 90023

Agent for all possible assignments (323) 4269-0100

File number (323) 4269-0100

Date

CERTIFICATION. I, the undersigned, hereby certify that I am the

author of the work

- ☐ Director
☐ Other copyright claimant
☐ Owner of material submitted
☐ Intellectual agent of

Place of agent in case of agent, director, or owner of material submitted.

of the work identified in this application and that the statements made by me in this application are correct to the best of my knowledge.

Typed or printed name and date. If this application gives a date of publication in item 5, do not type and attach a false date.

JAE SOON NAH

Date APRIL 20 2007

Registration Number (XXX)

Continuation
of the
application for
copyright in
literary, musical,
or dramatic
works.

LA PRINTEX INDUSTRIES, INC.

3270 E 26TH ST

VERNON, CA 90023

Continuation of preliminary statement
of copyright claimant.

1. Notwithstanding to whom this work is assigned or assigned by

2. Copyright claimant's name and address

3. Copyright claimant's name and address

4. Copyright claimant's name and address

5. Copyright claimant's name and address

6. Copyright claimant's name and address

7. Copyright claimant's name and address

8. Copyright claimant's name and address

9. Copyright claimant's name and address

11. (For Office Use Only) The undersigned hereby certifies that the registration fee is being paid for the copyright application submitted for by the applicant, and that the application is not a duplicate of any other application for copyright registration submitted for by the applicant, and that the application is not a duplicate of any other application for copyright registration submitted for by the applicant.

Form VA-750 (Rev. 10/2006) Price \$2.00 per copy. Printed on recycled paper.

U.S. Department of Justice, Copyright Office, 1077 North Capitol Street, NE, Washington, DC 20002-4242

Stephen M. Doniger, Esq. (SBN 179314)
stephen@donigerlawfirm.com
DONIGER / BURROUGHS APC
300 Corporate Pointe, Suite 355
Culver City, California 90230
Telephone: (310) 590-1820

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

L.A. PRINTEX INDUSTRIES, INC., a California
Corporation

PLAINTIFF(S)

v.

MEETV MAGIC INC., a New York Corporation; et al.
[See Attached "Schedule A"]

DEFENDANT(S).

CASE NUMBER

CV 10-10041 CAS (JGX)

SUMMONS

TO: DEFENDANT(S): _____

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ _____ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Stephen M. Doniger, Esq. SBN 17931, whose address is DONIGER / BURROUGHS APC 300 Corporate Pointe, Ste. 355 Culver City, CA 90230. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: DEC 29 2010

By: JULIE PRADO
Deputy Clerk
(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

“Schedule A”

L.A. PRINTEX INDUSTRIES, INC., a California Corporation,

Plaintiff,

vs.

MEETV MAGIC INC., a New York Corporation; ROSS STORES, INC., a California Corporation; DAFFY'S INC., a New Jersey Corporation; STAR OF INDIA FASHIONS, INC., an Arizona Corporation; MARIANNE STORES, INC., a New Jersey Corporation; VALUE CITY DEPARTMENT STORES, LLC, an Ohio Limited Liability Company; and DOES 1-10, Defendants.

1/20/2011

Simple Certified Mail

Doniger/Burroughs APC
300 Corporate Pointe
Suite 355
CULVER CITY CA 90230-8704

ZIP - USPS CERTIFIED
MAIL/RE



9473 5102 0079 3188 5716 66

MARIANNE STORES, INC.
1000 PENNSYLVANIA AVE
BROOKLYN NY 11207-8417

US POSTAGE AND FEES PAID

Jan 20 2011
Mailed from ZIP 90230
1 oz First Class Mail
(Letter Rate (No surcharge))



071 S00534813

endicia.com

PLATZER, SWERGOLD, KARLIN,
LEVINE, GOLDBERG & JASLOW, LLP
COUNSELORS AT LAW

1065 AVENUE OF THE AMERICAS
SUITE 1800
NEW YORK, NEW YORK 10018
TELEPHONE 212.593.3000
FACSIMILE 212.593.0353

WWW.PLATZERLAW.COM
NY DCL # 1315219

PLAZA 1000 AT MAIN STREET
SUITE 208
VOORHEES, NEW JERSEY 08043
TELEPHONE 856.782.8644

February 25, 2011

☐ If checked, reply to
New Jersey Office

Via Federal Express

BMC Group, Inc.
Attn: Urban Claims Processing
18750 Lake Drive East
Chanhassen, MN 55317

Re: Marianne VI, Inc.
Chapter 11
Case No. 10-13025 (ASD)

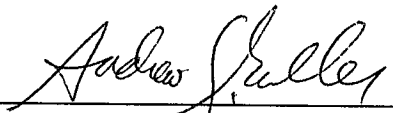
Dear Sir/Madam,

Enclosed please find an original and two (2) copies of an amended proof of claim of The New 5-7-9 and Beyond, Inc. to be filed against the estate of the above-referenced debtor. Kindly time-stamp both copies to confirm receipt of same and return them in the self-addressed stamped envelope provided for your convenience.

If you have any questions or require any additional information, please contact me.

Very truly yours,

PLATZER, SWERGOLD, KARLIN,
LEVINE, GOLDBERG & JASLOW, LLP

By: 
Andrew S. Muller

Enclosures