

<p>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY</p> <hr/> <p>Caption in Compliance with D.N.J. LBR 9004-2(c)</p> <p>LAW FIRM OF BRIAN W. HOFMEISTER, LLC By: Brian W. Hofmeister, Esq. 3131 Princeton Pike Building 5, Suite 110 Lawrenceville, New Jersey 08648 (609) 890-1500 (609) 8980-6961 - facsimile bwh@hofmeisterfirm.com Attorneys for Chapter 11 Trustee</p>	
<p>In Re:</p> <p>SHANGOL, INC.</p>	<p>Case No.: 16-29313</p> <p>Chapter 11</p> <p>Judge: Rosemary Gambardella</p>
<p>In Re:</p> <p>PLEASANDALE COCKTAIL LOUNGE, INC.</p>	<p>Case No. 16-30281</p> <p>Chapter 11</p> <p>Judge: Rosemary Gambardella</p> <p>(ADMINISTRATIVELY CONSOLIDATED)</p>

**NOTICE OF MOTION SEEKING ENTRY OF AN ORDER AUTHORIZING
THE SALE OF BUSINESS ASSETS, LIQUOR LICENSE AND REAL ESTATE LOCATED
AT 609 EAGLE ROCK AVENUE, WEST ORANGE, NEW JERSEY 07052 AND MODIFY
CLAIM NO. 15 FILED BY PARHAM YEDIDISON FROM SECURED TO A GENERAL
UNSECURED CLAIM**

United States Trustee's Office
One Newark Center
Suite 2100
Newark, NJ 07102

Alma Bank
28-31 31st Street
Astoria, NY 11102
(Creditor)

Jennifer M. Marcus, Esq.
Ostrowitz & Ostrowitz
225 Gordons Corner Road, Suite 1J
Manalapan, NJ 07726
(Representing Alma Bank)

Parham Yedidsion
1915 Loma Vista Drive
Beverly Hills, CA 90210
(Creditor)

US Bank Cust BV Trust 2015-1
c/o BlueVirgo Capital Management
380 Lexington Avenue, Floor 17
New York, NY 10168
(Creditor)

US Bank Cust BV Trust 2015-1
50 South 16th Street, Suite 2050
Philadelphia, PA 10102
(Creditor)

Paul Jemas, Esq.
9 Brookside Ave.
Caldwell, NJ 07006
(Representing Konstantinos Apostolopoulos)

Jerome M Douglas, Esq.
Law Office of Jerome M. Douglas, LLC.
1600 Route 208 North
Hawthorne, NJ 07507
(Representing Pleasandale Cocktail Lounge)

David L. Stevens, Esq.
Scura, Wigfield, Heyer & Stevens
1599 Hamburg Turnpike
Wayne, NJ 07470
(Representing Shangol, Inc.)

Adam D. Greenberg, Esq.
Honig & Greenberg
1949 Berlin Road, Suite 200
Cherry Hill, NJ 08003
(Representing FIG Capital Investments NJ13)

Valerie A. Hamilton, Esq.
Sills Cummis & Gross
600 College Road East
Princeton, NJ 08540
(Creditor)

Joshua H. Raymond, Esq.
Trenk DiPasquale et. al.
347 Mt. Pleasant Avenue, Suite 300
West Orange, NJ 07052
(representing Township of West Orange)

Internal Revenue Service
PO Box 7346
Philadelphia, PA 19101-7346
(Creditor)

Internal Revenue Service
1111 Constitution Ave., N.W.
Washington, DC 20224
(Creditor)

Internal Revenue Service
955 S. Springfield Ave.
Springfield, NJ 07081
(Creditor)

State of New Jersey
Compliance & Enforcement - Bankruptcy
50 Barrack Street, 9th Floor
PO Box 245
Trenton, NJ 08695

Office of the Attorney General
PO Box 080
Trenton, NJ 08625-0080

United States Attorneys Office
970 Broad Street, Room 700
Newark, NJ 07102

Attorney General of the United States
Department of Justice
950 Pennsylvania Ave., N.W.
Washington, DC 20530

PLEASE TAKE NOTICE that the undersigned, attorneys for Donald V. Baise, Chapter 11 Trustee for the Debtor Estate of Shangol, Inc. ("Debtor") herein, shall appear before the Honorable Rosemary Gambardella, Judge, United States Bankruptcy Court, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102, on the 22nd day of August, 2017 at 11:00 in the forenoon, or as soon thereafter as counsel may be heard and shall apply for an Order Authorizing the Sale of Business Assets, Liquor License and Real Estate Located at 609 Eagle Rock Avenue, West Orange, New Jersey 07052 and to Modify Claim No. 15 filed by Parham Yedidison from Secured to a General Unsecured Claim.

YOUR RIGHTS MAY BE AFFECTED. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one).

PLEASE TAKE FURTHER NOTICE that, if you do not want the Court to enter an Order, or if you want the Court to consider your views on this Motion, then on or before August 15, 2017, you or your attorney must:

File, with the Court, a written objection to this Motion, explaining your position to the Clerk, United States Bankruptcy Court, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102;

If you mail your response to the Court for filing, you must mail it early enough so the Court will receive it on or before August 15, 2017. You must also serve a copy upon Brian W. Hofmeister, Esq., Law Firm of Brian W. Hofmeister, LLC, 3131 Princeton Pike, Building 5, Suite 110 Lawrenceville, New Jersey 08648; and

You must attend the hearing scheduled to be held on August 22, 2017 at 11:00 a.m. at 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102.

PLEASE TAKE FURTHER NOTICE that if you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in this Motion and may enter an order granting the relief requested.

PLEASE TAKE FURTHER NOTICE that the undersigned shall rely upon the annexed Certification of Brian W. Hofmeister, Esq. In addition, if objections are submitted, the undersigned will be appearing for oral argument at the hearing.

PLEASE TAKE FURTHER NOTICE that the within Motion requests that the Court enter an Order Authorizing the Sale of Business Assets, Liquor License and Real Estate Located at 609 Eagle Rock Avenue, West Orange, New Jersey 07052 and and to Modify Claim No. 15 filed by Parham Yedidison from Secured to a General Unsecured Claim, and said Motion is based largely on the facts as outlined in the Certification of Brian W. Hofmeister in support of the within Motion and the Application submitted herewith.

LAW FIRM OF BRIAN W. HOFMEISTER, LLC
Attorneys for Donald V. Baise, Chapter 11 Trustee

BY: /s/Brian W. Hofmeister
Brian W. Hofmeister

Dated: July 24, 2017

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

Caption in Compliance with D.N.J. LBR 9004-2(c)

LAW FIRM OF BRIAN W. HOFMEISTER, LLC

By: Brian W. Hofmeister, Esq.

3131 Princeton Pike

Building 5, Suite 110

Lawrenceville, New Jersey 08648

(609) 890-1500

(609) 8980-6961 - facsimile

bwh@hofmeisterfirm.com

Attorneys for Chapter 11 Trustee

In Re:

SHANGOL, INC.

Case No.: 16-29313

Chapter 11

Judge: Rosemary Gambardella

In Re:

PLEASANDALE COCKTAIL LOUNGE, INC.

Case No. 16-30281

Chapter 11

Judge: Rosemary Gambardella

(ADMINISTRATIVELY CONSOLIDATED)

**APPLICATION IN SUPPORT OF MOTION SEEKING ENTRY OF AN ORDER
AUTHORIZING THE SALE OF BUSINESS ASSETS, LIQUOR LICENSE AND REAL
ESTATE LOCATED AT 609 EAGLE ROCK AVENUE, WEST ORANGE, NEW
JERSEY 07052 AND MODIFY CLAIM NO. 15 FILED BY PARHAM YEDIDISON
FROM SECURED TO A GENERAL UNSECURED CLAIM**

TO: THE HONORABLE ROSEMARY GAMBARDELLA
UNITED STATES BANKRUPTCY JUDGE

Donald V. Biase, Chapter 11 Trustee (the "Trustee") for the debtor estates of Shangol, Inc. and Pleasandale Cocktail Lounge, Inc. (collectively, the "Debtor"), by and through his counsel, Law Firm of Brian W. Hofmeister, LLC, hereby files this Application (the "Application") in support of his Motion (the "Motion") for entry of an Order Authorizing the Sale of Business Assets, Liquor

License and Real Estate Located at 609 Eagle Rock Avenue, West Orange, New Jersey 07052 to Konstantinos Apostolopoulos and/or his designee (the “Buyer”). In support of the Motion, the Trustee respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§157 and 1334. This is a core proceeding under 28 U.S.C. §157(b).
2. Venue of this case and the Motion in this judicial District is proper under 28 U.S.C. §§1408 and 1409.
3. The statutory bases for the relief sought by the Motion are Sections 105(a), 323(a), 363(b), (f), (h) and (m) and 541(a) of the Bankruptcy Code and Bankruptcy Rules 2002 and 6004.

BACKGROUND

4. On October 9, 2016 (the “Petition Date”), the Debtor, Shangol, Inc. (“Shangol”) filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the District of New Jersey.
5. On October 24, 2016, the related entity, Pleasandale Cocktail Lounge, Inc. (“Pleasantdale”), filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the District of New Jersey under Case Number 16-30281.
6. On December 9, 2016, by Order of the Court, the Debtor and Pleasantdale’s Chapter 11 cases were administratively consolidated.
7. On February 24, 2017, an Order was entered appointing Donald V. Biase as Chapter 11 Trustee of the Shangol and Pleasantdale estates.

The Sale Process

8. The Trustee engaged in arms length negotiations with the Buyer, Konstantinos

Apostolopoulos pursuant to which the Trustee has entered into a Letter of Intent (“LOI”) to sell the Debtor’s business assets, liquor license¹, and real estate located at 609 Eagle Rock Avenue, West Orange, New Jersey 07052 (the “Debtor’s Assets”) to the Buyer for \$3,960,000.00 pursuant to the terms of the proposed Agreement of Sale. A true and correct copy of the LOI is attached hereto as Exhibit “A”.

9. After carefully evaluating the Buyer’s offer and the potential for additional offers, the Trustee has determined that the price offered by the Buyer is the highest and best price the Trustee can obtain for the estate’s interest in the Debtor’s assets under the circumstances.

Agreement of Sale

10. The salient terms of the agreement of sale can be summarized as follows:

- **The Parties:** The seller under the Agreement of Sale is the Trustee, not individually or personally but on behalf of the Debtor’s bankruptcy estate. The purchaser is Konstantinos Apostolopoulos and/or his assigns.
- **The Assets:** All of the business assets of Shangol, including the “Atrium Country Club catering business and its real estate, which consists of the land together with the buildings, structures and improvements thereon and the appurtenances thereto, situated at Block 152.22, Lots 1412.01 and 1412.02 on the Tax Map for the Township of West Orange, County of Essex and State of New Jersey and more commonly known as 609 Eagle Rock Avenue, West Orange, New Jersey 07052 and the liquor license of Pleasandale Cocktail Lounge, Inc. (The “Asset Sale”). This sale does not include two (2) vacant lots on Kenz Place, West Orange, New Jersey.
- **The Purchase Price:** The total consideration for the sale of the Debtor’s

¹Pleasantdale Cocktail Lounge, Inc. is the owner of the liquor license.

Assets is \$3,960,000.00.

- The Deposit: An initial deposit of \$50,000.00 (received) and an additional sum of \$150,000.00 upon execution and exchange of the Contract.
- “As Is, Where Is”: The Buyer agrees to accept the Debtor’s Assets in its “as is” condition. The Trustee makes no representations or warranties whatsoever.
- Bankruptcy Court Approval: The sale of the estate’s interest in the Debtor’s Assets is subject to Bankruptcy Court approval.

Breakdown of Sale Proceeds

11. Alma Bank, the secured mortgagee, who has a foreclosure judgment in the sum of \$3,800,000.00, has agreed to accept the sum of \$2,950,000.00 (the “Negotiated Payoff”) in satisfaction of its mortgage/judgment, subject to the following: (a) Alma Bank shall receive fifty percent (50%) of any proceeds from avoidance claim recoveries under 11 U.S.C. §§ 547, 548 and/or 549 up to the sum of \$50,000.00; and (b) Alma Bank shall receive any excess proceeds from the sale of 609 Eagle Rock Avenue, West Orange, New Jersey after payment of the Negotiated Payoff, accrued real estate taxes and Court approved Chapter 11 administrative claims.

12. As of July 7, 2017, the accrued and unpaid real estate taxes are approximately \$493,591.60 (the “Real Estate Tax Liens”).

13. Subject to Court approval, the Trustee has agreed to seek approval and pay a real estate broker’s commission to _____ not to exceed the sum of \$60,000.00.

14. After payment of the Negotiated Payoff and Real Estate Tax Liens, the Trustee will have approximately \$456,000.00 for the estate.

15. In addition, pending closing on the Asset Sale, the Trustee will be entering into a Management Agreement with the Buyer to manage the Atrium catering business, whereby the Buyer

will be responsible for operating the catering business and its associated costs and expenses.

Notice of Sale

16. A notice of the private sale is being sent by the Clerk of the Bankruptcy Court, as to generate a court notice to all creditors. In addition, service will be effectuated on persons knowingly expressing an interest in the Debtor's Assets or who have filed a notice of appearance, in anticipation of receiving the highest and best offer.

Higher and Better Offers

17. The Trustee will accept all higher and better offers on the estate's interest in the Debtor's Assets up to and including the hearing date. All bidders must have certified funds on the hearing date in order to bid.

RELIEF REQUESTED AND REASONS THEREFOR

18. The Trustee is seeking this Court's approval solely to sell the estate's interest in the Debtor's Assets to the Buyer, free and clear of any liens, claims, interests and encumbrances (the "Sale") pursuant to Sections 105(a) and 363(b), (f), (h) and (m) of the Bankruptcy Code.

I. The Sale of the Estate's Interest in the Debtor's Assets is in Good Faith and is a Proper Exercise of the Trustee's Business Judgment

19. Section 363(b)(1) of the Bankruptcy Code provides that a Trustee "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate . . ." 11 U.S.C. §363(b)(1); See also Fed. R. Bankr. P. 604(f)(1) (authorizing sales outside the ordinary course of business to be conducted privately or by public auction).

20. Section 363 of the Bankruptcy Code does not set forth a standard for determining when it is appropriate for a court to authorize the sale or disposition of a debtor's assets. However, courts in the Third Circuit have found that a sale of an estate's assets should be authorized pursuant to Section 363 of the Bankruptcy Code if a sound business judgment exists for such a sale. See

Myers v. Martin (In re Martin), 91 F. 3d 389, 395 (3rd Cir. 1996); In re Montgomery Ward Holding Corp., 242 B.R. 147, 153 (D. Del. 1990); In re Del. & Hudson Ry. Co., 124 B.R. 169, 175-76 (D. Del. 1991) (applying the “sound business purpose test” set forth in Comm. Of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F. 2d 1063, 1071 (2nd Cir. 1983)).

21. Courts typically consider the following four factors in determining whether a proposed sale satisfies this standard: (a) whether a sound business judgment justification exists for the sale; (b) whether adequate and reasonable notice of the sale was given to interested parties; (c) whether the sale will produce a fair and reasonable price for the property; and (d) whether the parties have acted in good faith. In re Weatherly Frozen Food Group, Inc., 149 B.R. 480, 483 (Bankr. N.D. Ohio 1992); Del & Hudson Ry, 124 B.R. 176; In re Phoenix Steel Corp., 82 B.R. 334, 335-36 (Bankr. D. Del. 1987); In re Titusville Country Club, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991).

22. In this case, all of those factors have been met.

A. Sound Business Justification for the Asset Sale

23. Courts have made clear that a trustee’s showing of a sound business justification does not have to be unduly exhaustive. Rather, a debtor or trustee is “simply required to justify the proposed disposition with sound business reason” In re Baldwin United Corp., 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984). Moreover, the paramount goal in any proposed sale of property of the estate is to maximize the value received by the estate. See In re Food Barn Stores, Inc., 107 F.3d at 564-65 (8th Cir. 1997) (stating that in bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand”); In re Integrated Res., Inc., 147 B.R. 650, 659 (S.D.N.Y. 1992) (“It is well-established principle of bankruptcy law that the . . . [debtors’] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate.”) (quoting In re Atlanta Packaging Prods., Inc., 99 B.R. 124, 130 (Bankr. N.D. Ga. 1988)).

24. There is more than adequate business justification to sell the estate’s interest in the

Debtor's Assets. Based upon an analysis by the Trustee's professionals, the sale of the estate's interest in the Debtor's Assets to the Buyer, pursuant to the terms and conditions set forth in the LOI, is in the best interest of the estate.

25. The Trustee has received only one other offer, which was a verbal offer of Three Million Dollars (\$3,000,000.00). Without any other potential buyers, it is unlikely the estate would receive any benefit from further attempts to market and sell the Debtor's Assets.

26. Accordingly, as set forth herein, the proposed sale is supported by sound business judgment.

B. The Trustee is Providing Adequate Notice of the Asset Sale

27. In accordance with Bankruptcy Rule 6004, sales of property outside the ordinary course of business may be by private sale or public auction. Fed. R. Bankr. P. 6004(f)(1). Bankruptcy Rule 6004 further provides that "[n]otice of a proposed use, sale, or lease of property, other than cash collateral, not in the ordinary course of business shall be given pursuant to Rule 2002(a)(2), (c)(1), (i) and (k) and, if applicable, in accordance with [section] 363(b)(2) of the Code." Fed. R. Bankr. P. 6004(a).

28. In this case, the notice provision has been met because all parties in interest in the Debtor's bankruptcy case are receiving notice of the proposed sale. Additionally, a notice of the sale is being sent by the Clerk of the Bankruptcy Court so as to provide notice to creditors. In addition, service will be sent to those parties who have expressed an interest in the Debtor's Assets or who have filed a notice of appearance.

C. The Debtor's Assets are Being Sold for Fair Value

29. The Trustee is receiving the best possible price for the estate's interest in the Debtor's Assets, because the sale price is the highest offer that the Trustee has received on the Debtor's Assets. The proposed sale of the estate's interest in the Debtor's Assets is also subject to higher and

better offers and any potential bidders are invited to attend the hearing on the Motion.

D. Good Faith Buyer Requirement

30. Finally, the parties here are acting in good faith and, therefore, the protections of Section 363(m) of the Bankruptcy Code should apply to the Buyer.

31. Section 363(m) of the Bankruptcy Code provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11. U.S.C. §363(m). While the Bankruptcy Code does not define “good faith,” the Third Circuit has construed the “good faith buyer” standard to mean one who purchases “in good faith” and for “value”. Court has indicated that a party must show fraud or collusion between the purchaser and the debtor or trustee in order to demonstrate a lack of good faith. Abbotts Dairies, 788 F. 2d at 147.

32. Here, there has been no collusion between the Buyer and the Trustee. Additionally, through and until the hearing on this Motion, the Trustee will consider all higher and better offers for the estate’s interest in the Debtor’s Assets.

33. In light of the open sale process, nothing here suggest any fraud or collusion. Accordingly, the Trustee respectfully requests that this Court make a finding that the Buyer is “good faith purchaser” pursuant to Section 363(m) of the Bankruptcy Code.

11. The Trustee Should be Able to Sell the Estate’s Interest in the Debtor’s Assets “Free and Clear” Pursuant to Subsection 363(f)

34. The Trustee should be able to sell the estate’s interest in the Debtor’s Assets free and clear of all liens, claims, interest and encumbrances because the requirements of Section 363(f) of the Bankruptcy Code have been satisfied. In accordance with Section 363(f) of the Bankruptcy

Code, a trustee may sell property under Section 363(b) “free and clear of any interest in such property of an entity other than the estate” if any one of the following conditions is satisfied:

- (i) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (ii) such entity consents;
- (iii) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (iv) such interest is in *bona fide* dispute; and
- (v) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. §363(f). Because Section 363(f) of the Bankruptcy Code is stated in the disjunctive, satisfaction of any one of its five requirements will suffice to warrant approval of the proposed sale of the Debtor’s Assets. Folger Adam Sec., Inc. v. DeMatteis/MacGregor, JV, 209 F. 3d 252, 257 (3rd Cir. 2000) (discussing how Section 363(f) of the Bankruptcy Code authorizes the sale of a debtor’s assets free and clear of all liens, claims and interests if “any one of [the] five prescribed conditions” is met); In re Kelistrom Indus., Inc., 282 B.R. 787,793 (Bankr. D. Del. 2002) (stating that a court may approve a sale “free and clear” provided at least one of the subsections of Section 363(f) is met); see also DVI, Inc., 306 B.R. 496, 503 (Bankr. D. Del. 2004).

35. Here, Alma Bank, the secured mortgagee, has consented to the sale and the sale price is greater than the aggregate amount of the outstanding real estate tax liens. As such, the requirements of subsection 363(f) have been satisfied and the sale of the estate’s interest in the Debtor’s Assets free and clear of all liens, claims and interests, with all valid liens, claims and interests, if any, to attach to the proceeds of the sale.

36. Based upon the foregoing, the Trustee requests this Court permit the sale process to move forward.

III. Pursuant to Section 105 of the Bankruptcy Code the Equities Weigh in Favor of Approving the Terms of the Agreement

37. The relief sought herein is also appropriate pursuant to this Court's equitable powers under Section 105(a) of the Bankruptcy Code. It is well settled that bankruptcy courts are courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the administration of bankruptcy proceedings. See In re Official Comm. of Unsecured Creditors of Cybergenics Corp., 330 F. 3d 548, 567 (3rd Cir. 2003); Pepper v. Litton, 308 U.S. 295, 304 (1939); In re Carlton, 72 B.R. 543, 547 (Bankr. E.D.N.Y. 1987) (Duberstein, Former Ch. J.). Section 105(a) states that "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. §105(a); See also Law v. Siegel, 134 S. Ct. 1188, 1194, 188 L. Ed. 2d 146 (2014) ("Section 105(a) confers authority to 'carry out' the provisions of the [Bankruptcy] Code . . .").

38. As courts commonly acknowledge, Section 105 of the Bankruptcy Code confers broad powers on bankruptcy courts:

[Section] 105 [is] an omnibus provision phrased in such general terms as to be the basis for a broad exercise of power in the administration of a bankruptcy case. The basic purpose of [section] 105 is to assure the bankruptcy courts power to take whatever action is appropriate or necessary in aid of is jurisdiction

Davis v. Davis (In re Davis), 170 F. 3d 475, 492 (5th Cir. 1999) (internal citations and quotations omitted); see also In re Kaiser Aluminum Corp., 456 F. 3d 328, 340 (3rd Cir. 2006). Under Section 105(a) of the Bankruptcy Code, this Court has expansive power to fashion any order or decree that is in the interest of preserving or protecting the value of the debtor's estate. See Coie v. Sadkin, (In re Sadkin), 36 F. 3d 473, 478 (5th Cir. 1994).

39. Here, the sale of the estate's interest in the Debtor's Assets has been judicially

secured by the efforts of the Trustee and his professionals and will allow the Trustee to fulfill his duties under the Bankruptcy Code, specifically under Section 704. See 11 U.S.C. §704(a).

40. Furthermore, allowing the sale should provide for a possible distribution to the creditors of the estate.

Modification Of The Claim Of Parham Yedidsion (Claim No. 15).

41. The claim of Parham Yedidison (Claim No. 15) should be modified from secured to a general unsecured claim as the creditor failed to properly perfect his alleged secured liens against the real estate and/or assets of Shangol, Inc. See attached proof of claim of Parham Yedidsion as Exhibit “B”. Accordingly, Claim No. 15 should be modified to an unsecured claim and the Asset Sale should be approved free and clear of the alleged liens of Parham Yedidsion.

WAIVER OF OF FOURTEEN DAY STAY UNDER BANKRUPTCY RULE 6004(h)

42. Pursuant to Bankruptcy Rule 6004(h), unless the court orders otherwise, all orders authorizing the sale of property pursuant to Section 363 of the Bankruptcy Code are automatically stayed for fourteen days after entry of such order, “unless the court orders otherwise.” See Fed. R. Bankr. P. 6004(h).

43. Waiving the fourteen day stay under Bankruptcy Rule 6004(h) is necessary to permit the Trustee to minimize these costs by closing the proposed Sale Transaction as soon as possible after the entry of the Sale Order.

NOTICE

44. Notice of the Motion has been given to: (1) the United States Trustee for the District of New Jersey; (2) counsel for the Debtor; (3) counsel for the Buyer; (4) all parties that timely have requested notice in this case; and (5) any parties that have knowing expressed interest in the Debtor’s Assets. In addition, the Trustee filed a Notice of Private Sale, which helped to generate further notice by the Clerk of the Bankruptcy Court.

NO PRIOR REQUEST

45. No previous motion for the relief sought herein has been made to this or to any other court.

WAIVER OF BRIEF

46. As no novel issue of law is raised and the relevant authorities relied upon by the Trustee are set forth herein, the Trustee respectfully requests that the requirements of D.N.J. LBR 9013-2 of filing a brief be waived.

CONCLUSION

WHEREFORE, the Trustee respectfully requests that this Court enter an order directing granting the relief sought herein; and grant such other, further and different relief as this Court deems just, proper and equitable.

LAW FIRM OF BRIAN W. HOFMEISTER, LLC
Attorneys for Donald V. Baise, Chapter 11 Trustee

By: /s/Brian W. Hofmeister
Brian W. Hofmeister

Dated: July 24, 2017

EXHIBIT "A"

LETTER OF INTENT

[Purchase of Business Assets, Liquor License and Real Property]
[The Atrium Country Club, 609 Eagle Rock Avenue, West Orange, New Jersey 07052]

This Letter of Intent (referred to as this "Letter"), is made on the date or dates set forth at the signature lines below, by and between:

Donald V. Blase, United States Bankruptcy Trustee, with principal offices and a notice address at 110 Allen Road, Unit 304, Basking Ridge, New Jersey 07024 (referred to as the "Trustee");¹ and

Konstantinos Apostolopoulos, or his designee, who has a notice address of 527 Mount Pleasant Avenue, West Orange, New Jersey 07052 (referred to as the "Purchaser").

This Letter is made and agreed to by, between and among the parties to this Letter for mutual promises bargained for and exchanged and for one (\$1.00) in hand paid by each party to this Letter to each other party to this Letter, the receipt and acceptance of such consideration is confirmed by each party to this Letter.

1. Recitals.

(a) Shangol, Inc., The Atrium Country Club.² For the purposes of this Letter, "The Atrium Country Club" means Shangol, Inc., a corporation of the State of New Jersey organized, existing and in good standing by virtue of and pursuant to the laws of the State of New Jersey, with principal offices at 609 Eagle Rock Avenue, West Orange, New Jersey 07052; and

(b) The Atrium Business.

(1) Atrium Business. For the purposes of this Letter, the "Atrium Business" means the Atrium Country Club or the catering facilities commonly known as the "Atrium", which is a catering business situated at 609 Eagle Rock Avenue, West Orange, Essex County, New Jersey 07052 and which business entity may be owned or controlled by Shangol, Inc. or any other person or any other business entity.

¹ The Trustee has been designated as the Operating Trustee in the matter entitled United States Bankruptcy Court, District of New Jersey (Newark), Bankruptcy Petition Number: 16-29313-RG (referred to as the "Bankruptcy Matter").

² This Letter is submitted with the understanding that any and all the persons or business entities, as applicable, who hold any ownership, possessory or other relevant interests in the Atrium Business, the Atrium Liquor License and the Atrium Business are included within the definition of The Atrium Country Club or Shangol, Inc. and that such persons and/or business entities will be parties to the Contract as and if appropriate or necessary. The submission of this Letter to the Trustee by the Purchaser is subject to and conditioned upon: (1) the Trustee designating each of such persons and/or business entities on a schedule that is to be attached to and incorporated to the is Letter and the Contract defined at Paragraph 4 of this Agreement; and (2) the Purchaser reviewing and accepting the inclusion of such designated persons and/or business entities by signing and delivering such schedule.

(2) Asset Transaction. The Contract will provide that the Purchaser is acquiring title and possession to the Atrium Country Club's and Shangol, Inc.'s personal property, equipment and fixtures free and clear of any and all liens, as set forth on a schedule to be attached to the Agreement. For the purposes of the Agreement, "fixtures" are items of property which become so attached to a building or other real property that they become a part of it including, but not limited to: gas and electric fixtures; carpeting; linoleum; mats and matting in halls; screens; shades; awnings; trash cans; storm windows and doors; antennae; water pump; sump pump; water softeners; equipment; machinery; and such other items as are set forth in the schedule that is to be attached to the Contract.

(c) The Atrium Property. For the purposes of this Letter, the Atrium Property means the real property on which the Atrium Business is situated and/or operated, which property is commonly known and designated as 609 Eagle Rock Avenue, West Orange, Essex County, New Jersey 07052 (referred to as the "Property" or the "Atrium Property") and which Property is also designated as Block 152.22, Lot 1412.01 and Block 152.22, Lot 1412.02 on the official tax maps of the municipality and as set forth and delineated in a survey that the Trustee delivered to the Purchaser, which survey was prepared by RECON, INC., Land Surveyors - Planners, which survey appears to be dated "2001" and references a "Book" that appears to be "65.130" and is "Sheet 1 of 1" and which survey is incorporated into this Letter by reference.³ The quality of title to the Atrium Property that is to be conveyed and transferred to the Purchaser is to be as agreed upon and delineated in the Contract. *The Seller and the Trustee further agree that tax map block and lot references are subject to confirmation and the agreement by the Seller and the Trustee and the incorporation of same into the Contract.*

(d) The Liquor License. For the purposes of this Letter, the "Liquor License" or the "Atrium Liquor License" is the liquor license owned and/or operated by The Atrium Country Club and/or Shangol, Inc. in conjunction with the Atrium Business and at the Atrium Property. The Trustee has notified the Purchaser and the Trustee represents to the Purchaser that: (1) the Atrium Liquor License is held by and owned by Pleasandale Lounge, Inc., a New Jersey corporation; and (2) Pleasandale Lounge, Inc. is a party to the Bankruptcy matter; and (3) Pleasandale Lounge, Inc. operates the Atrium Liquor License in conjunction with the Atrium Business; and (4) the Atrium Liquor License is in good standing pursuant to applicable laws; and (5) Pleasandale Lounge, Inc. will be a party to the Contract for the purposes of the transfer of the Atrium Liquor License to the Purchaser.

(e) Atrium Purchase Transaction. For the purposes of this Letter, the aforementioned transaction for the purchase of the Atrium Business by the Purchaser, the acquisition of title for the Property by the Purchaser and the acquisition of the Liquor License by the Purchaser is collectively referred to as the "Atrium Purchase Transaction".

³ The Trustee and the Purchaser confirm that the copy of the survey that the Trustee delivered to the Purchaser is a reduced version of the survey. The Trustee and the Purchaser understand and agree that certain entries in the survey are not legible even when magnified, including the month and date of the survey. It is further understood and agreed that that this Letter is subject to the review and approval by the Purchaser of the facts disclosed by a full size and legible copy of the survey that is to be provided by the Trustee to the Purchaser.

3. Purchase Price.

(a) Confirmation of Intent to Purchaser. Subject to the terms, contingencies and conditions set forth in this Letter and further subject to and contingent upon the execution and exchange by the parties of the Contract⁴ as provided for in this Letter, the Purchaser confirms that the Purchaser intends to purchase and/or acquire the Atrium Business, the Atrium Property and the Atrium Liquor License for the Purchase Price set forth at Paragraph 3.(b) below, entitled "Amount of Purchase Price" and further subject to the terms and conditions of the Contract.

(b) Amount of Purchase Price. Subject to the terms, contingencies and conditions set forth in this Letter and to be agreed upon in the Contract, the Purchaser agrees to pay a sum of money, in the aggregate, equal to Three Million Nine Hundred Sixty Thousand and 00/100 Dollars (\$3,960,000.00) to acquire title, ownership and use, as applicable, to the Atrium Business, the Atrium Property and the Atrium Liquor License referred to in this Letter as the "Purchase Price".

(c) Allocation of the Purchase Price. The Purchase Price will be allocated to and among the Atrium Business, the Atrium Property and the Atrium Liquor License as may be agreed upon by the parties and delineated in the Contract.

(d) Manner of Payment. The Purchaser will pay the Purchase Price as follows:

(1) [Initial Deposit] a sum of money equal to Fifty Thousand and 00/100 Dollars (\$50,000.00) upon the execution and exchange of the Contract (referred to in this Letter as the "Initial Deposit"), which Initial Deposit will be delivered to the Trustee contemporaneous with the execution and exchange of this Letter of Intent; and

(2) [Additional Deposit] a sum of money equal to One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) on or before the fifth (5th) business day next following the execution and exchange of the Contract (referred to in this Letter as the "Additional Deposit"); and

(3) [Balance of the Purchase Price] a sum of money equal to Three Million Seven Hundred Sixty Thousand and 00/100 Dollars (\$3,760,000.00) at closing of the Atrium Transaction as set forth in the Contract and in accordance with the terms and conditions of the Contract including, but not limited to any and all adjustments.

(e) Deposit Funds – Escrow Agent Initial Deposit. The Initial Deposit and the Additional Deposit (collectively referred to as the "Deposit") are to be held by the Trustee in the Trustee's escrow account or trust account as approved by the Bankruptcy Court, which the Trustee represents to the Purchaser is an escrow account or a trust account approved of by the Bankruptcy Court with Signature Bank, 39th Street and Madison Avenue, 261 Madison Avenue, New York, New York 10016 (referred to as the "Trustee's Bank") in a non-interest bearing escrow account or trust account pursuant to the terms of the Contract.

⁴ For the purposes of this Letter, the words "the Contract" means the Contract defined at Paragraph 4 of this Letter, entitled "The Contract".

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(f) Release of Initial Deposit – Payment of Additional Deposit. [Intentionally Omitted].

(g) Check – Initial Deposit. The Purchaser has delivered a check in the amount of the Initial Deposit made payable to the Trustee with the understanding and agreement that the check will be held by the Trustee and the check will be deposited by the Trustee and held by the Trustee in strict accordance with the terms of this Letter. It is further understood and agreed that if this Letter is terminated and/or if the Contract is not executed and exchanged by the Trustee and the Purchaser, upon the written request of the Purchaser, the Trustee will promptly return the Initial Deposit to the Purchaser.

4. Contract.

(a) Contract Deadline Date. This Letter is subject to the Trustee and the Purchaser each signing and exchanging a written contract in a form and with terms that are approved by the attorneys for the Trustee and the Purchaser (referred to in this Letter as the “Contract”) on or before tenth (10th) calendar day⁵ next following the date on which this Letter is signed and exchanged by the Trustee and the Purchaser (referred to in this Letter as the “Contract Deadline Date”). It is further understood that this Letter is subject to the obligation of the Trustee applying and acquiring any and all approvals that may be required for the Trustee to be authorized to execute and deliver this Letter and the Contract in the Bankruptcy Matter including, but not limited to, any order of the Bankruptcy Court.

(b) Termination.

(1) If the Trustee does not sign and deliver this Letter to the Purchaser on or before the tenth (10th) calendar day next following the date that the Purchaser delivers this Letter signed by the Purchaser to the Trustee, then the Purchaser may terminate this Letter upon written notice to the Trustee and the Initial Deposit check will be promptly returned to the Purchaser.

(2) If the Trustee and the Purchaser do not agree upon, sign and exchange the Contract on or before the Contract Deadline Date, then either the Trustee or the Purchaser may terminate this Letter upon written notice to the other party and upon the delivery of such termination notice, this Letter will be of no further force or effect and the Initial Deposit check will be promptly returned to the Purchaser.

(c) Contract Date. The “Contract Date” means the date on which the Contract is signed and exchanged by, between and among the Trustee and the Purchaser.

5. Loan Financing Contingency.

(a) Loan Financing. The Contract and the Atrium Purchase Transaction is subject and is contingent upon the Purchaser applying for and obtaining mortgage loan financing in an amount or amounts of money equal to the sum of Three Million Five Hundred Sixty-Four Thousand and 00/100 Dollars (\$3,564,000.00), in the aggregate (the “Loan Amount”) pursuant to terms and conditions to be agreed upon by the Trustee and the Purchaser and set forth in the Contract and which loan arrangements may include all Business Administration mortgage loan financing or other mortgage loan or secured financing.

⁵ If the tenth (10th) calendar day falls on a weekend day or a holiday, then the tenth (10th) calendar day will be the next business day after such weekend day or holiday.

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(b) Contingency Period. The Purchaser will make a good faith and diligent effort to apply for and to prosecute the loan financing and to obtain a mortgage loan commitment or other required approvals on or before the ninetieth (90th) calendar day next following the Contract Date (the "Mortgage Loan Date"). If the Purchaser has not obtained a loan commitment by the Mortgage Loan Date and the Purchaser has made a good faith and diligent effort to obtain a mortgage loan commitment, then upon written notice to the Trustee, the Purchaser is entitled to extend the Mortgage Loan Date for an additional period of time not to exceed thirty (30) calendar days. If the Purchaser has not obtained a mortgage loan commitment on or before the Mortgage Loan Date, then either the Trustee or the Purchaser may terminate the Contract upon written notice to the other party, unless the Purchaser waives the loan contingency and upon such termination, the Deposit Funds will be promptly returned to the Purchaser.

6. Contingency -- The Atrium Liquor License Transfer.

(a) Application. The Contract is subject to and the Contract is contingent upon the Purchaser applying for and obtaining the requisite final and non-appealable approvals for the transfer of the Atrium Liquor License in accordance with the terms and conditions of the Contract, from the municipality and any other governmental entities having jurisdiction in such matter (referred to as the "Liquor License Transfer Approval").

(b) Cooperation. The Trustee, Shangol, Inc. and Pleasandale Lounge, Inc. will make a good faith and diligent effort to cooperate with the Purchaser in conjunction with the application for the Liquor License Transfer Approval.

(c) Liquor License Approval Deadline Date.

(1) Subject to the right of the Purchaser to extend the deadline date as set forth in subsection (2) below, if the Purchaser does not obtain the Liquor License Transfer Approval on or before the ninetieth (90th) calendar day next following the Contract Date (referred to as the "Liquor License Approval Deadline Date") then, unless the Purchaser waives this contingency or extends this contingency as set forth in subsection (2) below, either the Trustee or the Purchaser may terminate the Contract upon written notice to the other party, at which time the Deposit Funds will be promptly returned to the Purchaser.

(2) Notwithstanding anything to the contrary in this Letter, if the Purchaser does not obtain the Liquor License Transfer Approval on or before the Liquor License Approval Deadline Date, through no fault of the Purchaser, then upon written notice to the Trustee, the Purchaser will be entitled to extend the Liquor License Approval Deadline for an additional period of time upon written notice to the Trustee, which additional period of time will not be greater than forty-five (45) calendar days.

(3) It is further understood that the Contract will provide that the Purchaser does not assume, and will not be deemed to have assumed, any liabilities, payments, contracts or other obligations of the Atrium Liquor License, absolute, contingent or otherwise, arising out of the Atrium Business or the ownership of any of the purchased assets on or prior to the Closing Date.

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7. **Contemporaneous and Contingent Transactions.** The sale and purchase of the described in this Letter and to be delineated in the Contract of the Atrium Business, the Atrium Property and the Atrium Liquor License are: (1) to proceed contemporaneously; and (2) to close contemporaneously; and (3) contingent upon each such transaction being completed as set forth in the Contract. The Trustee and the Purchaser agree to cooperate with each other in the processing and closing of the Atrium Business Transactions. If the Contract is terminated, then such termination applies to all of the Atrium Business Transactions including, but not limited to, the sale and acquisition of the Atrium Business, the Atrium Property and the Atrium Liquor License.

8. **Closing of Title.** The "Closing" means the date on which, as applicable, the title, ownership or other applicable interests in and to the Atrium Business, the Atrium Property and the Atrium Liquor License are transferred to the Purchaser in accordance with the terms of the Contract. The Contract will provide that Closing will occur at the offices of the Purchaser's attorneys or the offices of the Purchaser's lender on a date on or about the thirtieth (30th) calendar day next following the satisfaction or the waiver of any and all contingencies set forth in the Contract and in accordance with the terms of the Contract.

9. **Due Diligence Inquiry - Contingency.** For the purpose of determining the condition and attendant circumstances relating to the Atrium Business, the Atrium Property and the Atrium Liquor License including, but not limited to, the Atrium Property and its improvements and any of the assets to be included in the transfer of the Atrium Business, the Purchaser is entitled to enter onto the Atrium Property to conduct various inspections, tests, studies and investigations including, but not limited to, the following: soil tests; percolation tests; hazardous substances tests; wetlands studies; drainage studies; environmental studies; radon tests; wood-destroying insect infestation studies; and/or any other engineering studies or tests which the Purchaser determines are necessary or appropriate as further delineated in the Contract (collectively referred to as the "Due Diligence Inquiry"). The Purchaser is to undertake and complete the Due Diligence Inquiry on or before the forty-fifth (45th) calendar day next following the date that the Letter of Intent is signed and exchanged by the Trustee and the Purchaser and approved by the Bankruptcy Court. Contract (referred to as the "Due Diligence Deadline"). If, in conjunction with the Due Diligence Inquiry, the Purchaser will be entitled to terminate the Contract upon written notice to the Trustee pursuant to terms and conditions agreed upon and delineated in the Contract. Upon such termination, the Deposit Funds will be promptly and fully returned to the Purchaser. The Trustee will arrange for the Atrium Business and the Atrium Property to be readily and reasonably available to the Purchaser to enable the Purchaser to undertake and complete the Due Diligence Inquiry.

10. **Realtors - Brokers.** The Contract is to provide that the Trustee is responsible for the payment of any fees, commissions or other payments due to a realtor or broker regarding the Atrium Transaction as identified in the Contract; however, the Trustee is not obligated to pay any fees, commission or other payments to a realtor or a broker regarding the Atrium Transaction in excess of sixty (60) thousand dollars, in the aggregate. The Purchaser is not responsible for any such fee, commission or other payment. The Contract will further provide that any such fees, commissions or other payments to a realtor or broker will not be earned, due or payable unless and until the successful and completed Closing and any such fee and commission is not and will not be a lien against the Atrium Business, the Atrium Property and/or the Atrium Liquor License.

11 **Realty Transfer Fee.** The Contract will provide that the Trustee is responsible for the payment of the Realty Transfer Fee at closing of title and other similar fees or impositions imposed on the grantor or seller of property, in accordance with applicable laws.

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12. **Bulk Sales Law.** The Contract is to provide that the Trustee is to arrange for the Atrium Transaction to comply with the Bulk Sales Law as set forth at N.J.S.A. 54:32B-22 et seq. and N.J.S.A. 54:50-38 et seq. and the rules and regulations promulgated and applicable in regard to same.

13. **Management Agreement - Contingency.** The submission of this Letter is subject to and conditioned upon the Trustee and the Purchaser agreeing upon on the terms and conditions of a management agreement by and between the Trustee and the Purchaser and the execution and exchange of such management agreement (referred to as the "Management Agreement"). The terms and conditions of the Management Agreement are to be set forth in the Contract or are to be set forth in an agreement that is executed and exchanged by the Trustee and the Purchaser, which agreement is attached to and incorporated into the Contract. Among other things, the Management Agreement is to provide that the Purchaser or the Purchaser's designee will manage the Atrium Business on and after the Contract Date and during a period of time: (1) pending the satisfaction or waiver of the Contract contingencies; and/or (2) the Closing of the Atrium Business Transaction; and/or (3) until the termination of the Contract.

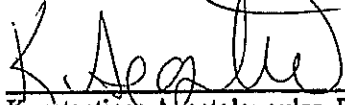
14. **Purchaser - Assignment of Contract.** This Letter is submitted with the understanding that the Purchaser may assign the Purchaser's rights and the Purchaser may delegate the Purchaser's duties under this Letter and/or the Contract upon written notice to the Trustee provided that, such assignment and/or delegation is from the Purchaser to: (1) a son or sons of the Purchaser; or (2) a corporation, limited liability company, partnership or other business entity (generally referred to as a "business entity"), which business entity is or will be organized and existing by virtue of the laws of the State of New Jersey, and further provided that the principal or principals of such business entity is the Purchaser or the son or sons of the Purchaser. Upon such notice by the Purchaser, the Trustee and the Purchaser will execute and deliver an Assignment of this Letter and/or the Contract, as applicable.

15. **Notices.** Any notice under this Letter must be in writing to a party at the address set forth in this Letter, as such address may be revised upon notice to the other party, or to the attorney for a party at that attorney's principal offices. A notice must be delivered by serving the notice upon a party or the party's attorney, as follows: (1) on a person or a corporate officer, managing member or partner, as applicable; or (2) by certified mail return receipt requested and regular mail; or (3) by express mail receipted delivery, such as UPS or Federal Express; or (4) by telecopier, provided that the telecopy transmission is delivered during a business day and not a holiday between the hours of 9:00 a.m. and 5:00 p.m. Eastern Standard Time and the sender of the notice by telecopier has reasonable written evidence, proof or confirmation that the telecopy transmission was received by the other party.

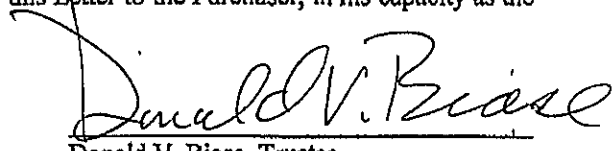
16. **Kenz Terrace Lots.** The Trustee and the Purchaser understand and agree that the vacant lots of land owned by Shangol, Inc. and which are designated are commonly known as 35 KENZ Terrace, West Orange, Essex County, New Jersey 07052 and are designated on the official tax maps of the municipality as Block 152.22, Lot 1424.20 and Block 152.22, Lot 1424.21 (referred to as the "Kenz Lots") are not included in the Atrium Property and are not included in this transaction. The Trustee represents to the Purchaser that the KENZ Lots are not used in the Atrium Business and that the KENZ Lots were not and are not included in a land use approvals or zoning approvals regarding the Atrium Property and the Atrium Business and that the exclusion of the KENZ Lots from the transaction will not adversely affect any and all land use and other governmental approvals regarding the Atrium Property and the Atrium Business.

17. **Real Property Taxes.** The Trustee and the Purchaser agree that if the Closing to the Atrium Transaction does occur on or before the ninetieth (90th) calendar day next following the Contract Date, through no fault of and through no reason of the Trustee, then the Purchaser will be responsible for the payment of the real property taxes for the Atrium Property from and after the ninety-first (91st) calendar day next following the Contract Date until: (1) the date of the Closing to the Atrium Transaction; or (2) the date of the termination of the Contract and the Atrium Transaction. Notwithstanding anything to the contrary in this Letter of Intent, if the Closing of the Atrium Transaction does not occur on or before the ninetieth (90th) calendar day next following the Contract because of the fault of the Trustee or by reason of the actions or inactions of the Trustee or the failure to perform by the Trustee, the Purchaser will not be obligated to pay and the Purchaser will not be responsible for the payment of the real property taxes for the Atrium Property.⁶

The Trustee and the Purchaser, hereby agree to the terms and conditions of this Letter of Intent on the date or dates set forth at the signature lines below. The Trustee represents to the Purchaser that the Trustee is authorized to execute this Letter and to deliver this Letter to the Purchaser, in his capacity as the Operating Trustee in the Bankruptcy Matter.



Konstantinos Apostolopoulos, Purchaser
July 19, 2017



Donald V. Biase, Trustee
July 18, 2017

[Nothing follows]

0718171232

⁶ By way of example and not by way of limitation, the meaning of the words the fault of the Trustee and/or by reason of the actions or inactions of the Trustee and/or the failure to perform by the Trustee include the following: (1) if the Closing to the Atrium Transaction does not occur because the Trustee has not obtained the Liquor License Transaction Approval, through no fault of the Purchaser and the Trustee cannot transfer or fails to transfer the Liquor License to the Purchaser in accordance with the terms of the Contract on the ninetieth (90th) calendar day next following the Contract Date; or (2) if the Trustee is unable or fails to transfer title to the Atrium Property to the Purchaser in accordance with the terms of the Contract on or before the ninetieth (90th) calendar day next following the Contract Date; or (3) if the Trustee is unable to or fails transfer ownership to the Atrium Assets to the Purchaser in accordance with the terms of the Contract on or before the ninetieth (90th) calendar day next following the Contract Date

EXHIBIT "B"

Fill in this information to identify the case:

Debtor 1 SHANGOL, INC.

Debtor 2 (Spouse, if filing) _____

United States Bankruptcy Court for the: _____ District of NEW JERSEY

Case number 16-29313-SLM

U.S. BANKRUPTCY COURT
FILED
NEWARK, NJ
2017 FEB 14 P 2:40
JENNIFER A. NAUGHTON
BY: Charles
DEPUTY CLERK
04/16

Official Form 410
Proof of Claim

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached 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. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor? PARHAM YEDIDSION
Name of the current creditor (the person or entity to be paid for this claim)
Other names the creditor used with the debtor _____

2. Has this claim been acquired from someone else?
 No
 Yes. From whom? _____

3. Where should notices and payments to the creditor be sent?
Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)

Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)
Name <u>PARHAM YEDIDSION</u>	Name _____
Number Street <u>1915 LOMA VISTA DR.</u>	Number Street _____
City State ZIP Code <u>BEVERLY HILLS, CA 90210</u>	City State ZIP Code _____
Contact phone <u>310-505-9996</u>	Contact phone _____
Contact email <u>RY@MARKETBLOCK.COM</u>	Contact email _____

Uniform claim identifier for electronic payments in chapter 13 (if you use one):

4. Does this claim amend one already filed?
 No
 Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY

5. Do you know if anyone else has filed a proof of claim for this claim?
 No
 Yes. Who made the earlier filing? _____

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor? No
 Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____

7. How much is the claim? \$642,445.⁰⁰/₁₀₀ Does this amount include interest or other charges?
 No
 Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).

8. What is the basis of the claim? Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card.
 Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c).
 Limit disclosing information that is entitled to privacy, such as health care information.
MONEY LOANED

9. Is all or part of the claim secured? No
 Yes. The claim is secured by a lien on property.
Nature of property:
 Real estate. If the claim is secured by the debtor's principal residence, file a *Mortgage Proof of Claim Attachment* (Official Form 410-A) with this *Proof of Claim*.
 Motor vehicle
 Other. Describe: _____
Basis for perfection: _____
 Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.)
* NOTE: PART OF LOAN(S) SECURED BY STOCK CERTIFICATES FOR ENTITIES - AT LEADER OPTION
 Value of property: \$ _____
 Amount of the claim that is secured: \$ _____
 Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.)
 Amount necessary to cure any default as of the date of the petition: \$642,445.⁰⁰/₁₀₀
Annual Interest Rate (when case was filed) _____ %
 Fixed
 Variable

10. Is this claim based on a lease? No
 Yes. Amount necessary to cure any default as of the date of the petition. \$ _____

11. Is this claim subject to a right of setoff? No
 Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)? No

A claim may be partly priority and partly nonpriority. For example, in some categories, the law limits the amount entitled to priority.

Yes. Check one:

<input type="checkbox"/> Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).	Amount entitled to priority	\$ _____
<input type="checkbox"/> Up to \$2,850* 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"/> Wages, salaries, or commissions (up to \$12,850*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).		\$ _____
<input type="checkbox"/> Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).		\$ _____
<input type="checkbox"/> Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).		\$ _____
<input type="checkbox"/> Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.		\$ _____

* Amounts are subject to adjustment on 4/01/19 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

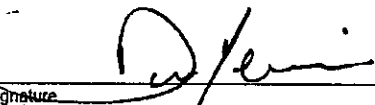
- I am the creditor.
- I am the creditor's attorney or authorized agent.
- I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.
- I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

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

Executed on date 02/13/2017
MM / DD / YYYY

Signature 

Print the name of the person who is completing and signing this claim:

Name PARHAM YEDDISION
First name Middle name Last name

Title _____

Company _____
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 1915 LOMA VISTA DR.
Number Street
Beverly Hills, CA 90210
City State ZIP Code

Contact phone (310) 505-9996 Email RY@MARKETBLOCK.COM

Note 1

\$250,000 Face amount. Original Loan Date November 27, 2013. Simple interest (non-default) rate of 10%.

Accrued Interest from November 27, 2013 through October 9, 2016 is: **\$71,712.00**

Note 2

\$100,000 Face Amount. Original Loan Date November 30, 2012. Simple interest (non-default) rate of 6%.

Unpaid accrued interest from February 1, 2013 through October 9, 2016 is: **\$22,093.00**

Note 3

\$100,000 Face Amount. Original Loan Date November 30, 2012. Simple interest (non-default) rate of 6%.

Unpaid accrued interest from February 1, 2013 through October 9, 2016 is: **\$22,093.00**

Note 4

\$60,000 Face Amount. Original Loan Date February 1, 2010. Simple interest (non-default) rate of 7%.

Unpaid accrued interest from November 1, 2012 through October 9, 2016 is: **\$16,547.00**

Total amount including simple interest for All Claims Noted: \$642,445.00

PROMISSORY NOTE

U.S. \$250,000.00

November 27, 2013

FOR VALUE RECEIVED, SHANGOL, INC. (the "Maker"), a New Jersey corporation having its principal address at 609 Eagle Rock Ave., West Orange, NJ, 07052, promises to pay to the order of Parham Yedidsion (the "Payee"), an individual residing at 1915 Loma Vista Drive, Beverly Hills, California 90210, the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) together with interest thereon ("Loan Amount") in accordance with the provisions of this note ("Note") by May 28, 2014 (the "Maturity Date"), or such earlier date as a result of the occurrence of an "Event of Default" or as otherwise provided pursuant to the terms and conditions of this Note. This Note is being entered into pursuant to that certain Loan Agreement (the "Loan Agreement"), dated as of the date hereof, between Maker and Payee.

1. Interest.

Interest at Ten (10%) Per Cent in the monthly amount of Two Thousand Eighty Three and 33/100 (\$2,083.33) Dollars shall be paid each month while any portion of the loan is outstanding. Upon and during an Event of Default, interest shall accrue at the rate of fifteen (15%) percent per annum, provided, if such amount is usurious, such amount shall be reduced to the maximum amount permitted under applicable law.

2. Payments.

(a) The Maker shall pay to the Payee interest in the amount of Two Thousand Eighty Three and 33/100 (\$2,083.33) Dollars on the first of each month starting on January 1, 2014 and on the first of each month while any portion of the loan is outstanding, provided, for the first month and any partial month thereafter, a pro-rated portion of interest due shall be added to such payment.

(b) The Maker shall pay to the Payee one-half (1/2) the full amount of principal, or One Hundred Twenty Five Thousand (\$125,000.00) Dollars on February 28, 2014.

(c) The Maker shall pay to the Payee one-half (1/2) the full amount of principal, or One Hundred Twenty Five Thousand (\$125,000.00) Dollars on May 28, 2014. Further, Maker shall pay all other amounts due and payable under this Note on or before May 28, 2014 (the "Maturity Date") which includes all legal fees and expenses of Payee.

(d) The Maker may prepay this Note, in whole or in part, at any time and from time to time without penalty and all shares shall be returned to Guarantors when the Note is paid in full.

3. Representations and Warranties. Maker hereby represents and warrants as follows:

(a) The Maker is (a) a corporation duly incorporated, validly existing and in good standing under the laws of the state of its jurisdiction of organization and has the requisite power and authority, and the legal right, to own, lease and operate its properties and assets and to conduct its business as it is now being conducted.

(b) The Maker has the power and authority, and the legal right, to execute and deliver this Note, the Loan Agreement and the Security Agreement and to perform its obligations hereunder.

(c) Pursuant to the Stock Pledge Agreements (as defined below), Payee shall get a perfected first priority lien on all of the issued and outstanding common stock (on a fully diluted as converted basis) of the Maker and Pleasantdale Cocktail Lounge, Inc.

(d) The execution and delivery of this Note, the Loan Agreement and the Security Agreement by the Maker and the performance of its obligations hereunder have been duly authorized by all necessary limited liability action in accordance with all applicable laws. The Maker has duly executed and delivered this Note, the Loan Agreement and the Security Agreement.

not later than the New Jersey Alcoholic Beverage Control authority

(e) No consent or authorization of, filing with, notice to or other act by, or in respect of, any governmental authority or any other person or entity is required in order for the Maker to execute, deliver, or perform any of its obligations under this Note, the Loan Agreement or the Security Agreement.

(f) The execution and delivery of this Note, Loan Agreement and the Security Agreement and the consummation by the Maker of the transactions contemplated hereby do not and will not (a) violate any provision of the Maker's organizational documents; (b) violate any law or order applicable to the Maker or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Maker may be bound.

(g) The Note, the Loan Agreement and the Security Agreement is a valid, legal and binding obligation of the Maker, enforceable against the Maker in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4. Covenants

(a) Maker shall take all actions necessary to cause to be filed a Mortgage, Deed of Trust or similar instrument (all in a form provided or acceptable to Payee) on its real property owned to secure Maker's obligations to Payee under this Note, the Loan Agreement and the Security Agreement.

(b) Maker agrees that all funds held in the reserve deposit by Alma Bank will not be removed unless used to directly pay amounts due hereunder or any other amounts otherwise due to Payee. Further, Maker shall use its best efforts to cause Alma Bank to enter into a written agreement with Maker and Payee whereby it will agree to comply with this paragraph.

(c) Upon the request of the Payee, promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note, the Loan Agreement and the Security Agreement.

5. Events of Default

The occurrence of any of the following events shall constitute an "Event of Default" under this Note (referred to herein as an "Event of Default"): (i) the Maker shall have failed to make payment of any installment of principal, interest or other amounts due under this Note on the relevant due date; (ii) a breach of any covenant, agreement, representation or warranty in this Agreement, Loan Agreement, Security Agreement, any Guaranty or any Stock Pledge Agreement, or (iii) the Maker or any guarantor commences any case or proceeding relating to bankruptcy, insolvency, reorganization, conservatorship.

6. Remedies

Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Payee may at his option, by written notice to the Maker (a) declare the entire principal amount of this Note, together with all accrued interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under the Loan Agreement, Security Agreement or applicable Law.

7. Security and Guaranty

Maker's obligation hereunder is secured by all of Maker's assets pursuant to that certain Security Agreement ("Security Agreement"), dated as of the date hereof, between Maker and Payee. Further, Maker's obligations hereunder are secured by a joint and several Guaranty entered into by the three stockholders of Maker and their spouses (the "Guaranty"). The Guaranty is secured by all of the assets of the Guarantors and their spouses and by certain Stock Pledge Agreements (each a "Stock Pledge Agreement") in which each such stockholder pledges all of such stockholder's equity in the Maker and Pleasantdale Cocktail Lounge, Inc. to the Payee as collateral for the obligations hereunder.

8. Waiver of Certain Defenses.

The obligations to make the payments provided for in this Note are absolute and unconditional and not subject to any defense, set-off, counterclaim, rescission, recoupment or adjustment whatsoever. No forbearance, indulgence, delay or failure to exercise any right or remedy with respect to this Note shall operate as a waiver, nor as an acquiescence in any default, nor shall any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The headings of the various paragraphs of this Note are for convenience of reference only and shall in no way modify any of the terms or provisions of this Note. All notices required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or three business days after being sent by registered or certified mail, return receipt requested, postage prepaid, facsimile transmission, or two business days after being sent by overnight courier, to the address of the intended recipient set forth in the first paragraph of this Note or at such other address as the intended recipient shall have hereafter given to the other party hereto pursuant to the provisions hereof.

9. Legal Fees

Payee shall pay all reasonable legal fees of Payee in connection with this Note, the Loan Agreement, Security Agreement, each Guaranty and all agreements, instruments and documents related thereto. Such amount shall be added to the principal of this Note and shall accrue interest until paid at the Maturity Date. If Payee employs counsel for advice with respect to this Note, to respond to any request of Maker, including but not limited to, a request for a consent, waiver, amendment or interpretation of this Note or to intervene, file a petition, answer, motion or other pleading in any suit or proceeding (bankruptcy or otherwise) relating to this Note, or to attempt to collect this Note, or to enforce this Note, against Maker, then, in any such event, to the extent permitted by law all of the reasonable attorneys' fees, paralegal fees, and expenses arising from such services, and all expenses, court costs and charges relating thereto, shall be an additional liability owing hereunder by Maker to Payee, and bearing interest at the Default Rate, until paid in full to Payee.

10. General.

The terms and conditions contained in this Note shall be binding upon and inure to the benefit of the Maker, the Payee and their respective successors and assigns. The Maker waives presentment, demand for payment, protest and notice of dishonor of this Note or of any exchange, sale, surrender or other handling or disposition of Collateral, and authorizes the Payee without notice, to grant extensions in the time of payment of any money owing on this Note. This Note and all matters relating thereto shall be governed by and construed and interpreted in accordance with the laws of the State of California. The Maker hereby irrevocably and unconditionally (i) agrees that any legal action, suit or proceeding arising out of or relating to this Note, the Loan Agreement or the Security Agreement may be brought in the courts of the State of California or of the United States of America for the Central District of Los Angeles and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit or proceeding. Final judgment against the Maker in any action, suit or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment. Nothing in this Section shall affect the right of the Payee to (i) commence legal proceedings or otherwise sue the Maker in any other court having jurisdiction over the Maker or (ii) serve process upon the Maker in any manner authorized by the laws of any such jurisdiction. The Maker irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note, Loan Agreement or the Security Agreement in any court referred to herein and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.


11. Amendment.

No term of this Note may be waived, modified or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given. If any term or provision of this Note, the Loan Agreement or the Security Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Note, the Loan Agreement or the Security Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible

in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed and delivered all as of the day and year first above written.

WITNESS:



Aaron E. Albert

SHANGOL, INC. (MAKER):

By: _____

Signature


ALBERT A. NAZARIAN

Name

(PRESIDENT)
Title



SCHEDULE A

Designated Bank Account for Payments:

_____ Bank

Account No.: _____

Address:	Wiring Instructions:
_____	_____
_____	_____
_____	_____

PRIVATE MORTGAGE 2009 NOTE

Date:	November , 2012
Borrower:	SHANGOL, INC., as "Borrower"
Lender:	PARHAM YEDIDSON, as "Lender"
Loan Amount:	\$100,000.00
Mortgaged Premises:	609-611 Eagle Rock Avenue, West Orange, NJ 07052; 615 Eagle Rock Avenue, West Orange, NJ 07052 (Block 152.22, Lots 1412.01, 1424.21, 1412.04, 1424.20)
Mortgage:	THE MORTGAGE DATED AS OF THE DATE HEREOF EXECUTED BY BORROWER IN FAVOR OF LENDER SECURING THE PAYMENT OF THIS NOTE WITH THE MORTGAGED PREMISES

COPY

"I", "me", "it", "we", "the undersigned" or "us" refer to each and all persons who sign this Note, hereinafter also referred to as "Borrower" and/or "Borrowers".

1. **BORROWER'S PROMISE TO PAY** - In return for a loan that I have received, I promise to pay **ONE HUNDRED THOUSAND AND 00/100 (\$100,000.00) DOLLARS** (this amount will be called the "Face Amount"), plus interest, to the order of the Lender. The Lender is: **PARHAM YEDIDSON**. The undersigned understands that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder." I will make all payments under this Note in the form of cash, check or money order. Borrower acknowledges that a loan in the amount of **ONE HUNDRED THOUSAND AND 00/100 (\$100,000.00) DOLLARS** was made by Lender to Joseph Nazarian, 35 Shore Drive, Great Neck, NY 11024 in the year 2009 for use by Borrower in its operations. Borrower hereby acknowledges its obligations with respect to that loan by signing this Note.

2. **INTEREST AND TERM** - Interest will be charged on unpaid principal until the full amount of the Principal has been paid. **THE INTEREST RATE IS SIX (6.0%) PERCENT PER ANNUM (SIMPLE INTEREST) FOR THE TERM OF THIS NOTE COMMENCING ON DECEMBER 1, 2012 AND ENDING ON NOVEMBER 1, 2013.**

3. PAYMENTS

(A) **Time and place of Payments:** All principal and accrued interest shall be due and payable on November 1, 2013; provided, however, that Borrower shall make eleven (11) monthly interest payments to Lender of Five Hundred Dollars (\$500.00) and the remaining balance of the loan shall be made in the twelfth (12th) month of the Loan. Interest shall be payable on or before the first day of each month, beginning December 1, 2012. The entire balance of principal and unpaid interest shall be due and payable on November, 2013.

The undersigned will make all payments at: 1915 Loma Vista Drive, Beverly Hills, CA 90210, or at a different place if required by the Note Holder in writing.

(B) **Prepayment:** Borrower may prepay all or a portion of the Principal amount of this Note prior to November 1, 2013.

(C) **Default Rate Following Expiration of Term:** (i) Any and all Principal which is due at the end of the Term and not timely paid shall *immediately, without notice*, adjust to a rate of 16.0% per annum, compounded on a daily basis or any rate which is determined at Lender's sole and absolute discretion. Said interest rate of 16.0% per annum or other rate as specific at Lender's sole and absolute discretion shall continue until such date that the full amount of the Principal and all additional charges have been paid to the Lender.

4. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants to the Note Holder that: (i) it is in good standing under the laws of the State of New Jersey and the County of Essex and has all requisite power to carry on its business as now conducted and to own its properties and assets it now owns; (ii) the Mortgaged Premises is owned free and clear of all liens and encumbrances except for those listed in Schedule A attached hereto; (iii) it has full power and authority to execute and deliver this Note, and the execution and delivery of this Note will not result in the breach of or default under, with or without the giving of notice and/or the passage of time, any other agreement, financial instrument, arrangement or indenture to which it is a party or by which it may be bound, or the violation of any law, statute, rule, decree, judgment or regulation binding upon it; (iv) it is in material compliance with all of its financial obligations and all of its material agreements; (v) there is no material action, suit, proceeding, or investigation pending or currently threatened against it; and (vi) it has taken and will take all acts required, including but not limited to authorizing the signatory hereof on its behalf to execute this Note, so that upon the execution and delivery of this Note, it shall constitute the valid and legally binding obligation of Borrower enforceable against Borrower in accordance with the terms thereof.

5. EVENTS OF DEFAULT AND NOTE HOLDER'S COST AND EXPENSE -

(A) The undersigned will be in default in each of the following circumstances:

- (i) it fails to make any interest or principal payment on the due date thereof;
- (ii) it fails to make any interest or principal payment on the due date under the 2012 Note;
- (iii) it fails to keep any of its promises in the Mortgage and related Rider;
- (iv) it fails to maintain proper fire insurance coverage on the Mortgaged Premises;
- (v) it sells or transfers the Mortgaged Premises;
- (vi) Any representation or warranty made in this Note, the Mortgage or any other agreement between Borrower and the Note Holder by Borrower shall be untrue or incorrect in any material respect as of the date when made or deemed made;
- (vii) it is in default under the terms of any other mortgage, including those listed in Schedule A attached hereto, encumbering the Mortgaged Premises;
- (viii) a judgment is filed against it;
- (ix) the undersigned enters bankruptcy.

If the undersigned is in default, the Note Holder may, at the Note Holder's option, require the Borrower to pay the full amount of outstanding principal and accrued interest immediately.

(B) Payment of Note Holder's Cost and Expense. If the undersigned is required to pay immediately in full as described in Section 4(A) above, it promises to pay the Note Holder all of its reasonable costs and expenses, including, but not limited to reasonable attorney's fees. It also agrees to pay the Note Holder's costs, expenses and reasonable attorney's fees in the event of an action to foreclose the Mortgage.

6. USURY - If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from the undersigned which exceeded permitted limits will be refunded to it. The Note Holder may choose to make this refund by reducing the principal the undersigned owes under this Note or by making a direct payment to it. If a refund reduces principal, the reduction will be treated as a partial prepayment, except that no prepayment charge will be due.

7. GIVING OF NOTICES - Any notice that must be given to the undersigned under this Note will be given by delivering it or by mailing it addressed to the undersigned at the address listed above. A notice will be delivered to the undersigned at a different address if the undersigned gives the Note Holder a notice of its different address. Any notice that must be given to the Note Holder under this Note will be given by mailing it to the Note Holder at the address stated herein. A notice will be mailed to the Note Holder at a different address if the undersigned is given a notice of that different address. Same must be sent by certified mail-return receipt requested.

8. THIS NOTE IS SECURED BY A MORTGAGE - The undersigned has given the Lender a Mortgage, of even date, on the properties identified as the Mortgaged Premises at the top of this Note. This Mortgage protects the Note Holder from possible losses which might result if the undersigned does not keep the promises which it makes in this Note. The terms therein shall be given the same force and effect as if same were here written.

9. **RESPONSIBILITY OF PERSONS UNDER THIS NOTE** - If more than one person signs this Note, each is fully and personally obligated to pay the full amount owed plus the charges as described in Sections 3 and 4 above and to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each of the undersigned individually or against all persons together. This means that any one person may be required to pay all of the amounts owed under the Note.

10. **APPLICATION OF PAYMENTS** - All payments received by the Note Holder shall be applied, first, to the payments made by the Note Holder to protect its lien under the Mortgage, second, to pay unpaid late charges, third, to pay any outstanding interest accrued under the terms of the Note, and fourth to reduce the Face Amount of this Note.

11. **CONTROLLING LAW** - The Note shall be governed by the law of the State of California and any applicable federal law. In the event of a conflict between any provision of this Note and any federal or California, law or regulation in effect as of the date of this Note, then that statute, law or regulation shall control to extent of such conflict and the provision contained in this Note shall be without effect. All other provisions of this Note shall remain fully effective and enforceable.

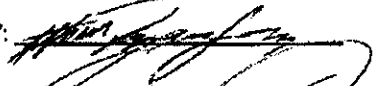
12. **SATISFACTION OF MORTGAGE** - Upon expiration or sooner termination of the Term of this Note, Borrower's obligations under this Note may only be satisfied upon express written consent signed by PARHAM YEDISION, AND/OR LENDER and by no other individual or entity.

13. Borrower acknowledges that PARHAM YEDISION, AND/OR LENDER have been induced to enter into this Note, in part, because it is taking a MORTGAGE on the property located at 809-611 Eagle Rock Avenue, West Orange, NJ 07052 and 819 Eagle Rock Avenue, West Orange, NJ 07052. Borrower further acknowledges that it will not (i) further mortgage or otherwise encumber this property without the prior written consent of PARHAM YEDISION, AND/OR LENDER and/or (ii) be delinquent in any of its obligations under the mortgages specified in Schedule A attached hereto.

Accepted and Agreed:

November , 2012

SHANGOL, INC.

BY: 

BY: 

WITNESS: CHRISTINE SOLOMON

Witness Name:
New Jersey)
State of New York)
Essex) ss.
County of Nassau)

On the day of November, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared Shangol, Inc. AND Christine Solomon, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his /her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

CONTINUING GUARANTY

TO: Parham Yedidson
1915 Loma Vista Drive
Beverly Hills, CA 90210

1. For valuable consideration, the undersigned ("Guarantors"), all of whom are investors or otherwise have an interest in or affiliation with Shangol, Inc., a New Jersey corporation ("Maker") requested that you agree to make that certain loan (the "Loan") to Borrower evidenced by that certain Promissory Note of even date herewith, a copy of which is attached hereto (the "Note"). To induce you to make the Loan and in consideration of the benefits to accrue to the Guarantors therefrom, the Guarantors promised to and do hereby unconditionally guarantee to you that Borrower will fully, promptly and faithfully perform, pay and discharge all of its obligations to you under the Note.

2. This is a continuing guarantee and, by this instrument, the Guarantors guarantee the prompt performance of any and all obligations which may now exist and may hereafter accrue at any time or times from Borrower to you arising from or related to the Note.

3. The Guarantors hereby waive notice of acceptance of this Guaranty and notice of nonperformance or non-payment by Borrower of any of its obligations to you. The Guarantors further waive any and all demands and notices as may otherwise be required by law and do further waive any and all other rights and defenses available to a surety or guarantor to the extent available under all applicable laws. The Guarantors further agree that they shall not be released from liability hereunder, if recovery from Borrower is, or hereafter becomes, barred by any statute of limitations or bankruptcy or if such liability is or becomes otherwise unenforceable.

4. You may, without notice and without affecting the liability of the Guarantors hereunder, from time to time modify in any form and in any manner or release any of the obligations of Borrower to you.

5. The Guarantors shall not have, and hereby expressly waive (i) any right to subrogation or indemnification, and any other right to payment or reimbursement by Borrower, in connection with or as a consequence of any payment made by the Guarantors hereunder, (ii) any right to enforce any right or remedy which you have or may hereafter have against Borrower, and (iii) any benefit of, and any right to participate in, any collateral now or hereafter held by you or any payment to you by, or collection by you from, Borrower.

6. The liability of the Guarantors hereunder shall be joint and several.

7. This Guaranty shall bind all successors and assigns of the Guarantors and shall inure to the benefit of your successors and assigns. This Guaranty is assignable by you to the same extent as the Note is assignable, and when so assigned, the Guarantors shall be liable to the assignees of your interest in this Guaranty.

8. All rights, powers and remedies granted to you hereunder shall be cumulative and not alternative, and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to you by law. This Guaranty is in addition to and exclusive of any other future guaranty of the Note.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California applicable to agreements executed and performed wholly within that State. The Guarantors

hereby consent in any legal action relating to the Note to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Los Angeles, California.

10. The Guarantors will pay all reasonable costs and fees of legal counsel which you retain to enforce any of your rights under this Guaranty.

11. This Guaranteo constitutes the entire agreement with you with respect to the subject matter of this document and no representation, understanding, or condition shall be binding upon you unless set forth herein.

Accepted and Agreed:

November ____, 2012

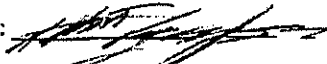
Albert Nazarian

Massoud Nazarian

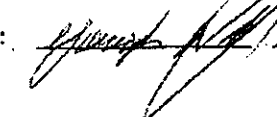
Joseph Nazarian

COPY

SOYTEX, INC.

By: 

By: 

By: 

THIS MORTGAGE, made the _____ day of November _____ in the year 2012
BETWEEN SHANGOL INC. having an address at 609 Eagle Rock Avenue, West Orange, NJ 07052, the mortgagor,

and

Purham Yedidson, having an address at 1915 Loma Vista Drive, Beverly Hills, CA 90210, the mortgagee,

WITNESSETH, that to secure the payment of an indebtedness in the sum of One Hundred Thousand and 00/100 (\$100,000.00) dollars, lawful money of the United States, to be paid with interest thereon to be computed from the date hereof, at the rate of 6.0% per annum according to a certain bond, note or obligation bearing even date herewith, the mortgagor hereby mortgages to the mortgagee

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the

See Legal Description in Schedule A Attached Hereto and Made a Part Hereof;

Property Located at 609-611 Eagle Rock Avenue, West Orange, NJ 07052 and 619 Eagle Rock Avenue, West Orange, NJ 07052;

Property Having a Tax Map Designation as Block 152.22; Lots 1412.01, 1424.21, 1412.04, 1424.20; and

TOGETHER with all right, title and interest of the mortgagor in and to the land lying in the streets and roads in front of and adjoining said premises;

TOGETHER with all fixtures, chattels and articles of personal property now or hereafter attached to or used in connection with said premises, including but not limited to furnaces, boilers, oil burners, radiators and piping, coal stokers, plumbing and bathroom fixtures, refrigeration, air conditioning and sprinkler systems, wash-tubs, sinks, gas and electric fixtures, stoves, ranges, awnings, screens, window shades, elevators, motors, dynamos, refrigerators, kitchen cabinets, incinerators, plants and shrubbery and all other equipment and machinery, appliances, fittings, and fixtures of every kind in or used in the operation of the buildings standing on said premises, together with any and all replacements thereof and additions thereto;

TOGETHER with all awards heretofore and hereafter made to the mortgagor for taking by eminent domain the whole or any part of said premises or any easement therein, including any awards for changes of grade of streets, which said awards are hereby assigned to the mortgagee, who is hereby authorized to collect and receive the proceeds of such awards and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the mortgage debt, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the said mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning said awards to the mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever.

AND the mortgagor covenants with the mortgagee as follows:

1. That the mortgagor will pay the indebtedness as hereinbefore provided.
2. That the mortgagor will keep the buildings on the premises insured against loss by fire for the benefit of the mortgagee; that he will assign and deliver the policies to the mortgagee; and that he will reimburse the mortgagee for any premiums paid for insurance made by the mortgagee on the mortgagor's default in so insuring the buildings or in so assigning and delivering the policies.
3. That no building on the premises shall be altered, removed or demolished without the consent of the mortgagee.
4. That the whole of said principal sum and interest shall become due at the option of the mortgagee: after default in the payment of any installment of principal or of interest for fifteen days; or after default in the payment of any tax, water rate, sewer rent or assessment for thirty days after notice and demand; or after default after notice and demand either in assigning and delivering the policies insuring the buildings against loss by fire or in reimbursing the mortgagee for premiums paid on such insurance, as hereinbefore provided; or after default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt, as hereinafter provided. An assessment which has been made payable in installments at the application of the mortgagor or lessee of the premises shall nevertheless, for the purpose of this paragraph, be deemed due and payable in its entirety on the day the first installment becomes due or payable or a lien.
5. That the holder of this mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver.
6. That the mortgagor will pay all taxes, assessments, sewer rents or water rates, and in default thereof, the mortgagee may pay the same.
7. That the mortgagor within five days upon request in person or within ten days upon request by mail will furnish a written statement duly acknowledged of the amount due on this mortgage and whether any offsets or defenses exist against the mortgage debt.

8. That notice and demand or request may be in writing and may be served in person or by mail.
9. That the mortgagor warrants the title to the premises.

10. That the fire insurance policies required by paragraph No. 2 above shall contain the usual extended coverage endorsement; that in addition thereto the mortgagor, within thirty days after notice and demand, will keep the premises insured against war risk and any other hazard that may reasonably be required by the mortgagee. All of the provisions of paragraphs No. 2 and No. 4 above relating to fire insurance and the provisions of Section 254 of the Real Property Law construing the same shall apply to the additional insurance required by this paragraph.

11. That in case of a foreclosure sale, said premises, or so much thereof as may be affected by this mortgage, may be sold in one parcel.

12. That if any action or proceeding be commenced (except an action to foreclose this mortgage or to collect the debt secured thereby), to which action or proceeding the mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this mortgage, all sums paid by the mortgagee for the expenses of any litigation to prosecute or defend the rights and lien created by this mortgage (including reasonable counsel fees), shall be paid by the mortgagor, together with interest thereon at the rate of six per cent, per annum and any such sum and the interest thereon shall be a lien on said premises, prior to any right, or title to, interest in or claim upon said premises attaching or accruing subsequent to the lien of this mortgage, and shall be deemed to be secured by this mortgage. In any action or proceeding to foreclose this mortgage, or to recover or collect the debt secured thereby, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

13. That the mortgagor hereby assigns to the mortgagee, the rents, issues and profits of the premises as further security for the payment of said indebtedness, and the mortgagor grants to the mortgagee the right to enter upon and to take possession of the premises for the purpose of collecting the same and to let the premises or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of said indebtedness. This assignment and grant shall continue in effect until this mortgage is paid. The mortgagee hereby waives the right to enter upon and to take possession of said premises for the purpose of collecting said rents, issues and profits, and the mortgagor shall be entitled to collect and receive said rents, issues and profits until default under any of the covenants, conditions, or agreements contained in this mortgage, and agrees to such rents, issues and profits in payment of principal and interest becoming due on this mortgage and in payment of taxes, assessments, sewer rents, water rates and carrying charges becoming due against said premises, but such right of the mortgagor may be revoked by the mortgagee upon any default, or five days' written notice. The mortgagor will not, without the written consent of the mortgagee, receive or collect rent from any tenant of said premises or any part thereof for a period of more than one month in advance, and in the event of any default under this mortgage will pay monthly in advance to the mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of said premises or of such part thereof as may be in the possession of the mortgagor, and upon default in any such payment will vacate and surrender the possession of said premises to the mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

14. That the whole of said principal sum and the interest shall become due at the option of the mortgagee:

(a) after failure to exhibit to the mortgagee, within ten days after demand, receipts showing payment of all taxes, water rates, sewer rents and assessments, or (b) after the actual or threatened alteration, demolition or removal of any building on the premises without the written consent of the mortgagee; or (c) after the assignment of the rents of the premises or any part thereof without the written consent of the mortgagee; or (d) if the buildings on said premises are not maintained in reasonably good repair; or (e) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the premises within three months from the issuance thereof; or (f) if on application of the mortgagee two or more fire insurance companies lawfully doing business in the State of New York refuse to issue policies insuring the buildings on the premises; or (g) in the event of the removal, demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, unless the same are promptly replaced by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances thereon and free from any reservation of title thereto; or (h) after thirty days' notice to the mortgagor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of mortgages or debts secured thereby for state or local purposes; or (i) if the mortgagor fails to keep, observe and perform any of the other covenants, conditions or agreements contained in this mortgage; or (j) if the mortgagor fails to keep, observe and perform any of the covenants, conditions or agreements contained in any prior mortgage or fails to repay to the mortgagee the amount of any installment of principal or interest which the mortgagee may have paid on such mortgage with interest thereon as provided in paragraph 16 of this mortgage.

15. That the mortgagor will, in compliance with Section 13 of the Lien Law, receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

This mortgage may not be changed or terminated orally. The covenants contained in this mortgage shall run with the land and bind the mortgagor, the heirs, personal representatives, successors and assigns of the mortgagor and all subsequent owners, encumbrancers, tenants and subtenants of the premises, and shall enure to the benefit of the mortgagee, the personal representatives, successors and assigns of the mortgagee and all subsequent holders of this mortgage. The word "mortgagor" shall be construed as if it read "mortgagors" and the word "mortgagee" shall be construed as if it read "mortgagees" whenever the sense of this mortgage so requires.

IN WITNESS WHEREOF, this mortgage has been duly executed by the mortgagor

IN PRESENCE OF:

SHANGOL INC.

By:

Witness:

STATE OF New Jersey
COUNTY OF Essex

SS.:

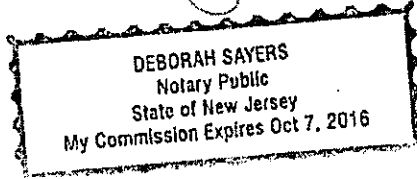
I CERTIFY that on November 30, 2012, Alberta Z. Arden / Josselyn Nazario personally came before me and acknowledged under oath, to my satisfaction, that:

(a) this person is the _____ of _____, a _____ corporation, the corporation named in this instrument; and

(b) this person was authorized to and did execute this instrument as its voluntary act duly authorized by a proper resolution of its Board of Directors;

Deborah Sayers

(Notary Public)



SCHEDULE A

- 1. MORTGAGE HELD BY ALMA BANK IN THE
AMOUNT OF THREE MILLION SIX HUNDRED
THOUSAND (\$3,600,000.00) DOLLARS DATED
November 27, 2012.**

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)
 R. David Ades

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

R. David Ades
 Law Offices of Ades & Associates
 118-21 Queens Blvd., Suite 501
 Forest Hills, NY 11375

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

1a. ORGANIZATION'S NAME SHANGOL, INC.				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 609 EAGLE ROCK AVENUE		CITY WEST ORANGE	STATE NJ	POSTAL CODE 07052
1d. TAX ID #: SSN OR EIN 22-2171139		1e. TYPE OF ORGANIZATION CORPORATION	1f. JURISDICTION OF ORGANIZATION NEW JERSEY	
				1g. ORGANIZATIONAL ID #, if any <input checked="" type="checkbox"/> NONE

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

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. TAX ID #: SSN OR EIN		2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	
				2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

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

3a. ORGANIZATION'S NAME				
OR				
3b. INDIVIDUAL'S LAST NAME YEDIDSON		FIRST NAME PARHAM	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 1915 LOMA VISTA DRIVE		CITY BEVERLY HILLS	STATE CA	POSTAL CODE 90210
				COUNTRY USA

4. THE FINANCING STATEMENT covers the following collateral:
**PERSONAL PROPERTY BELONGING TO SHANGOL, INC.
 SUCH PROPERTY MAY BE LOCATED AT 609-611 EAGLE ROCK AVENUE, WEST ORANGE, NJ 07052 AND AT 619
 EAGLE ROCK AVENUE, WEST ORANGE, NJ 07052 BUT MAY ALSO BE LOCATED ELSEWHERE**

6. ALTERNATIVE DESIGNATION (if applicable)	7. REGISTRATION	8. CONSIGNOR/COMPLETION	9. SALES/BAILOR	10. BELLGRUBUYER	11. AS, LIEN	12. NON-UCC FILING
13. THIS FINANCING STATEMENT IS FILED FOR (a) FILING (b) RECORDING (c) BOTH	14. CHARGE TO REGISTER (a) DEBITOR (b) CREDITOR (c) ADDITIONAL PARTY	15. AS DEBITOR	16. DEBITOR 1	17. DEBITOR 2		

8. OPTIONAL FILER REFERENCE DATA

PRIVATE MORTGAGE 2012 NOTE

Date:	November , 2012
Borrower:	SHANGOL, INC., as "Borrower"
Lender:	PARHAM YEDIDSION, as "Lender"
Loan Amount:	\$100,000.00
Mortgaged Premises:	609-611 Eagle Rock Avenue, West Orange, NJ 07062; 611 Eagle Rock Avenue, West Orange, NJ 07062 (Block 152.22, Lots 1412.01, 1424.21, 1412.04, 1424.20)
Mortgage:	THE MORTGAGE DATED AS OF THE DATE HEREOF EXECUTED BY BORROWER IN FAVOR OF LENDER SECURING THE PAYMENT OF THIS NOTE WITH THE MORTGAGED PREMISES

COPY

"I", "me", "it", "we", "the undersigned" or "us" refer to each and all persons who sign this Note, hereinafter also referred to as "Borrower" and/or "Borrowers".

1. **BORROWER'S PROMISE TO PAY** - In return for a loan that I have received, I promise to pay **ONE HUNDRED THOUSAND AND 00/100 (\$100,000.00) DOLLARS** (this amount will be called the "Face Amount"), plus interest, to the order of the Lender. The Lender is: **PARHAM YEDIDSION**. The undersigned understands that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder." I will make all payments under this Note in the form of cash, check or money order.

2. **INTEREST AND TERM** - Interest will be charged on unpaid principal until the full amount of the Principal has been paid. **THE INTEREST RATE IS SIX (6.0%) PERCENT PER ANNUM (SIMPLE INTEREST) FOR THE TERM OF THIS NOTE COMMENCING ON DECEMBER 1, 2012 AND ENDING ON NOVEMBER 1, 2013.**

3. PAYMENTS

(A) **Time and place of Payments:** All principal and accrued interest shall be due and payable on November 1, 2013; provided, however, that Borrower shall make eleven (11) monthly interest payments to Lender of Five Hundred Dollars (\$500.00) and the remaining balance of the loan shall be made in the twelfth(12th) month of the Loan. Interest shall be payable on or before the first day of each month, beginning December 1, 2012. The entire balance of principal and unpaid interest shall be due and payable on November, 2013.

The undersigned will make all payments at: 1915 Loma Vista Drive, Beverly Hills, CA 90210, or at a different place if required by the Note Holder in writing.

(B) **Prepayment:** Borrower may prepay all or a portion of the Principal amount of this Note prior to November 1, 2013.

(C) **Default Rate Following Expiration of Term:** (i) Any and all Principal which is due at the end of the Term and not timely paid shall *immediately, without notice*, adjust to a rate of 16.0% per annum, compounded on a daily basis or any rate which is determined at Lender's sole and absolute discretion. Said interest rate of 16.0% per annum or other rate as specific at Lender's sole and absolute discretion shall continue until such date that the full amount of the Principal and all additional charges have been paid to the Lender.

4. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants to the Note Holder that: (i) it is in good standing under the laws of the State of New Jersey and the County of Essex and has all requisite power to carry on its business

as now conducted and to own its properties and assets it now owns; (ii) the Mortgaged Premises is owned free and clear of all liens and encumbrances except for those listed in Schedule A attached hereto; (iii) it has full power and authority to execute and deliver this Note, and the execution and delivery of this Note will not result in the breach of or default under, with or without the giving of notice and/or the passage of time, any other agreement, financial instrument, arrangement or indenture to which it is a party or by which it may be bound, or the violation of any law, statute, rule, decree, judgment or regulation binding upon it; (iv) it is in material compliance with all of its financial obligations and all of its material agreements; (v) there is no material action, suit, proceeding, or investigation pending or currently threatened against it; and (vi) it has taken and will take all acts required, including but not limited to authorizing the signatory hereof on its behalf to execute this Note, so that upon the execution and delivery of this Note, it shall constitute the valid and legally binding obligation of Borrower enforceable against Borrower in accordance with the terms thereof.

5. EVENTS OF DEFAULT AND NOTE HOLDER'S COST AND EXPENSE -

(A) The undersigned will be in default in each of the following circumstances:

- (i) it fails to make any interest or principal payment on the due date thereof;
- (ii) it fails to make any interest or principal payment on the due date under the 2009 Note;
- (iii) it fails to keep any of its promises in the Mortgage and related Rider;
- (iv) it fails to maintain proper fire insurance coverage on the Mortgaged Premises;
- (v) it sells or transfers the Mortgaged Premises;
- (vi) Any representation or warranty made in this Note, the Mortgage or any other agreement between Borrower and the Note Holder by Borrower shall be untrue or incorrect in any material respect as of the date when made or deemed made;
- (vii) it is in default under the terms of any other mortgage, including those listed in Schedule A attached hereto, encumbering the Mortgaged Premises;
- (viii) a judgment is filed against it;
- (ix) the undersigned enters bankruptcy.

If the undersigned is in default, the Note Holder may, at the Note Holder's option, require the Borrower to pay the full amount of outstanding principal and accrued interest immediately.

(B) Payment of Note Holder's Cost and Expense. If the undersigned is required to pay immediately in full as described in Section 4(A) above, it promises to pay the Note Holder all of its reasonable costs and expenses, including, but not limited to reasonable attorney's fees. It also agrees to pay the Note Holder's costs, expenses and reasonable attorney's fees in the event of an action to foreclose the Mortgage.

6. USURY - If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then; (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from the undersigned which exceeded permitted limits will be refunded to it. The Note Holder may choose to make this refund by reducing the principal the undersigned owes under this Note or by making a direct payment to it. If a refund reduces principal, the reduction will be treated as a partial prepayment, except that no prepayment charge will be due.

7. GIVING OF NOTICES - Any notice that must be given to the undersigned under this Note will be given by delivering it or by mailing it addressed to the undersigned at the address listed above. A notice will be delivered to the undersigned at a different address if the undersigned gives the Note Holder a notice of its different address. Any notice that must be given to the Note Holder under this Note will be given by mailing it to the Note Holder at the address stated herein. A notice will be mailed to the Note Holder at a different address if the undersigned is given a notice of that different address. Same must be sent by certified mail-return receipt requested.

8. THIS NOTE IS SECURED BY A MORTGAGE - The undersigned has given the Lender a Mortgage, of even date, on the properties identified as the Mortgaged Premises at the top of this Note. This Mortgage protects the Note Holder from possible losses which might result if the undersigned does not keep the promises which it makes in this Note. The terms therein shall be given the same force and effect as if same were here written.

9. RESPONSIBILITY OF PERSONS UNDER THIS NOTE - If more than one person signs this Note, each is fully and personally obligated to pay the full amount owed plus the charges as described

in Sections 3 and 4 above and to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each of the undersigned individually or against all persons together. This means that any one person may be required to pay all of the amounts owed under the Note.

10. APPLICATION OF PAYMENTS - All payments received by the Note Holder shall be applied, first, to the payments made by the Note Holder to protect its lien under the Mortgage, second, to pay unpaid late charges, third, to pay any outstanding interest accrued under the terms of the Note, and fourth to reduce the Face Amount of this Note.

11. CONTROLLING LAW - The Note shall be governed by the law of the State of California and any applicable federal law. In the event of a conflict between any provision of this Note and any federal or California, law or regulation in effect as of the date of this Note, then that statute, law or regulation shall control to extent of such conflict and the provision contained in this Note shall be without effect. All other provisions of this Note shall remain fully effective and enforceable.

12. SATISFACTION OF MORTGAGE - Upon expiration or sooner termination of the Term of this Note, Borrower's obligations under this Note may only be satisfied upon express written consent signed by PARHAM YEDIDSION, AND/OR LENDER and by no other individual or entity.

13. Borrower acknowledges that PARHAM YEDIDSION, AND/OR LENDER have been induced to enter into this Note, in part, because it is taking a MORTGAGE on the property located at 609-611 Eagle Rock Avenue, West Orange, NJ 07052 and 619 Eagle Rock Avenue, West Orange, NJ 07052. Borrower further acknowledges that it will not (i) further mortgage or otherwise encumber this property without the prior written consent of PARHAM YEDIDSION, AND/OR LENDER and/or (ii) be delinquent in any of its obligations under the mortgages specified in Schedule A attached hereto.

Accepted and Agreed:

November , 2012

SHANGOL, INC.

BY:

BY:

WITNESS:

CHRISTINE SOLOMON

Witness Name:

State of ~~New York~~)
New Jersey) ss.
County of ~~Nassau~~)
Essex

On the day of November, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared ~~Albert Nazarian~~ AND ~~Yousseph Nazarian~~ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies) and that by his /her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

CONTINUING GUARANTY

TO: Parham Yedidsion
1915 Loma Vista Drive
Beverly Hills, CA 90210

1. For valuable consideration, the undersigned ("Guarantors"), all of whom are investors or otherwise have an interest in or affiliation with Shangol, Inc., a New Jersey corporation ("Maker") requested that you agree to make that certain loan (the "Loan") to Borrower evidenced by that certain Promissory Note of even date herewith, a copy of which is attached hereto (the "Note"). To induce you to make the Loan and in consideration of the benefits to accrue to the Guarantors therefrom, the Guarantors promised to and do hereby unconditionally guarantee to you that Borrower will fully, promptly and faithfully perform, pay and discharge all of its obligations to you under the Note.
2. This is a continuing guarantee and, by this instrument, the Guarantors guarantee the prompt performance of any and all obligations which may now exist and may hereafter accrue at any time or times from Borrower to you arising from or related to the Note.
3. The Guarantors hereby waive notice of acceptance of this Guaranty and notice of nonperformance or non-payment by Borrower of any of its obligations to you. The Guarantors further waive any and all demands and notices as may otherwise be required by law and do further waive any and all other rights and defenses available to a surety or guarantor to the extent available under all applicable laws. The Guarantors further agree that they shall not be released from liability hereunder, if recovery from Borrower is, or hereafter becomes, barred by any statute of limitations or bankruptcy or if such liability is or becomes otherwise unenforceable.
4. You may, without notice and without affecting the liability of the Guarantors hereunder, from time to time modify in any form and in any manner or release any of the obligations of Borrower to you.
5. The Guarantors shall not have, and hereby expressly waive (i) any right to subrogation or indemnification, and any other right to payment or reimbursement by Borrower, in connection with or as a consequence of any payment made by the Guarantors hereunder, (ii) any right to enforce any right or remedy which you have or may hereafter have against Borrower, and (iii) any benefit of, and any right to participate in, any collateral now or hereafter held by you or any payment to you by, or collection by you from, Borrower.
6. The liability of the Guarantors hereunder shall be joint and several.
7. This Guaranty shall bind all successors and assigns of the Guarantors and shall inure to the benefit of your successors and assigns. This Guaranty is assignable by you to the same extent as the Note is assignable, and when so assigned, the Guarantors shall be liable to the assignees of your interest in this Guaranty.
8. All rights, powers and remedies granted to you hereunder shall be cumulative and not alternative, and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to you by law. This Guaranty is in addition to and exclusive of any other future guaranty of the Note.
9. This Guaranty shall be governed by and construed in accordance with the laws of the State of California applicable to agreements executed and performed wholly within that State. The Guarantors

hereby consent in any legal action relating to the Note to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Los Angeles, California.

10. The Guarantors will pay all reasonable costs and fees of legal counsel which you retain to enforce any of your rights under this Guaranty.

11. This Guarantee constitutes the entire agreement with you with respect to the subject matter of this document and no representation, understanding, or condition shall be binding upon you unless set forth herein.

Accepted and Agreed:

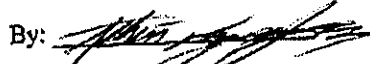
November ____, 2012

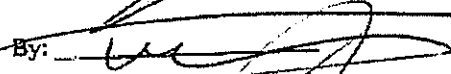

Albert Nazarian

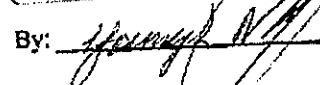

Massoud Nazarian


Joseph Nazarian

SOYTEX, INC.

By: 

By: 

By: 

THIS MORTGAGE, made the _____ day of November _____ in the year 2012
BETWEEN SHANGOL INC, having an address at 609 Eagle Rock Avenue, West Orange, NJ 07052, the mortgagor,

and

Parham Yedidston, having an address at 1915 Loma Vista Drive, Beverly Hills, CA 90210, the mortgagee,

WITNESSETH, that to secure the payment of an indebtedness in the sum of One Hundred Thousand and 00/100 (\$100,000.00) dollars, lawful money of the United States, to be paid with interest thereon to be computed from the date hereof, at the rate of 6.0% per annum according to a certain bond, note or obligation bearing even date herewith, the mortgagor hereby mortgages to the mortgagee

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the

See Legal Description in Schedule A Attached Hereto and Made a Part Hereof:

Property Located at 609-611 Eagle Rock Avenue, West Orange, NJ 07052 and 619 Eagle Rock Avenue, West Orange, NJ 07052;

Property Having a Tax Map Designation as Block 152.22; Lots 1412.01, 1424.21, 1412.04, 1424.20; and

TOGETHER with all right, title and interest of the mortgagor in and to the land lying in the streets and roads in front of and adjoining said premises;

TOGETHER with all fixtures, chattels and articles of personal property now or hereafter attached to or used in connection with said premises, including but not limited to furnaces, boilers, oil burners, radiators and piping, coal stokers, plumbing and bathroom fixtures, refrigeration, air conditioning and sprinkler systems, wash-tubs, sinks, gas and electric fixtures, stoves, ranges, awnings, screens, window shades, elevators, motors, dynamos, refrigerators, kitchen cabinets, incinerators, plants and shrubbery and all other equipment and machinery, appliances, fittings, and fixtures of every kind in or used in the operation of the buildings standing on said premises, together with any and all replacements thereof and additions thereto;

TOGETHER with all awards heretofore and hereafter made to the mortgagor for taking by eminent domain the whole or any part of said premises or any easement therein, including any awards for changes of grade of streets, which said awards are hereby assigned to the mortgagee, who is hereby authorized to collect and receive the proceeds of such awards and to give proper receipts and acquittances therefor, and to apply the same toward the payment of the mortgage debt, notwithstanding the fact that the amount owing thereon may not then be due and payable; and the said mortgagor hereby agrees, upon request, to make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning said awards to the mortgagee, free, clear and discharged of any encumbrances of any kind or nature whatsoever.

AND the mortgagor covenants with the mortgagee as follows:

1. That the mortgagor will pay the indebtedness as hereinbefore provided.
2. That the mortgagor will keep the buildings on the premises insured against loss by fire for the benefit of the mortgagee; that he will assign and deliver the policies to the mortgagee; and that he will reimburse the mortgagee for any premiums paid for insurance made by the mortgagee on the mortgagor's default in so insuring the buildings or in so assigning and delivering the policies.
3. That no building on the premises shall be altered, removed or demolished without the consent of the mortgagee.
4. That the whole of said principal sum and interest shall become due at the option of the mortgagee: after default in the payment of any installment of principal or of interest for fifteen days; or after default in the payment of any tax, water rate, sewer rent or assessment for thirty days after notice and demand; or after default after notice and demand either in assigning and delivering the policies insuring the buildings against loss by fire or in reimbursing the mortgagee for premiums paid on such insurance, as hereinbefore provided; or after default upon request in furnishing a statement of the amount due on the mortgage and whether any offsets or defenses exist against the mortgage debt, as hereinafter provided. An assessment which has been made payable in installments at the application of the mortgagor or lessee of the premises shall nevertheless, for the purpose of this paragraph, be deemed due and payable in its entirety on the day the first installment becomes due or payable or a lien.
5. That the holder of this mortgage, in any action to foreclose it, shall be entitled to the appointment of a receiver.
6. That the mortgagor will pay all taxes, assessments, sewer rents or water rates, and in default thereof, the mortgagee may pay the same.
7. That the mortgagor within five days upon request in person or within ten days upon request by mail will furnish a written statement duly acknowledged of the amount due on this mortgage and whether any offsets or defenses exist against the mortgage debt.

8. That notice and demand or request may be in writing and may be served in person or by mail.
9. That the mortgagor warrants the title to the premises.

10. That the fire insurance policies required by paragraph No. 2 above shall contain the usual extended coverage endorsement; that in addition thereto the mortgagor, within thirty days after notice and demand, will keep the premises insured against war risk and any other hazard that may reasonably be required by the mortgagee. All of the provisions of paragraphs No. 2 and No. 4 above relating to fire insurance and the provisions of Section 254 of the Real Property Law construing the same shall apply to the additional insurance required by this paragraph.

11. That in case of a foreclosure sale, said premises, or so much thereof as may be affected by this mortgage, may be sold in one parcel.

12. That if any action or proceeding be commenced (except an action to foreclose this mortgage or to collect the debt secured thereby), to which action or proceeding the mortgagee is made a party, or in which it becomes necessary to defend or uphold the lien of this mortgage, all sums paid by the mortgagee for the expense of any litigation to prosecute or defend the rights and lien created by this mortgage (including reasonable counsel fees), shall be paid by the mortgagor, together with interest thereon at the rate of six per cent, per annum and any such sum and the interest thereon shall be a lien on said premises, prior to any right, or title to, interest in or claim upon said premises attaching or accruing subsequent to the lien of this mortgage, and shall be deemed to be secured by this mortgage. In any action or proceeding to foreclose this mortgage, or to recover or collect the debt secured thereby, the provisions of law respecting the recovering of costs, disbursements and allowances shall prevail unaffected by this covenant.

13. That the mortgagor hereby assigns to the mortgagee, the rents, issues and profits of the premises as further security for the payment of said indebtedness, and the mortgagor grants to the mortgagee the right to enter upon and to take possession of the premises for the purpose of collecting the same and to let the premises or any part thereof, and to apply the rents, issues and profits, after payment of all necessary charges and expenses, on account of said indebtedness. This assignment and grant shall continue in effect until this mortgage is paid. The mortgagee hereby waives the right to enter upon and to take possession of said premises for the purpose of collecting said rents, issues and profits, and the mortgagor shall be entitled to collect and receive said rents, issues and profits until default under any of the covenants, conditions, or agreements contained in this mortgage, and agrees to such rents, issues and profits in payment of principal and interest becoming due on this mortgage and in payment of taxes, assessments, sewer rents, water rates and carrying charges becoming due against said premises, but such right of the mortgagor may be revoked by the mortgagee upon any default, or five days' written notice. The mortgagor will not, without the written consent of the mortgagee, receive or collect rent from any tenant of said premises or any part thereof for a period of more than one month in advance, and in the event of any default under this mortgage will pay monthly in advance to the mortgagee, or to any receiver appointed to collect said rents, issues and profits, the fair and reasonable rental value for the use and occupation of said premises or of such part thereof as may be in the possession of the mortgagor, and upon default in any such payment will vacate and surrender the possession of said premises to the mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings.

14. That the whole of said principal sum and the interest shall become due at the option of the mortgagee:

(a) after failure to exhibit to the mortgagee, within ten days after demand, receipts showing payment of all taxes, water rates, sewer rents and assessments; or (b) after the actual or threatened alteration, demolition or removal of any building on the premises without the written consent of the mortgagee; or (c) after the assignment of the rents of the premises or any part thereof without the written consent of the mortgagee; or (d) if the buildings on said premises are not maintained in reasonably good repair; or (e) after failure to comply with any requirement or order or notice of violation of law or ordinance issued by any governmental department claiming jurisdiction over the premises within three months from the issuance thereof; or (f) if on application of the mortgagee two or more fire insurance companies lawfully doing business in the State of New York refuse to issue policies insuring the buildings on the premises; or (g) in the event of the removal, demolition or destruction in whole or in part of any of the fixtures, chattels or articles of personal property covered hereby, unless the same are promptly replaced by similar fixtures, chattels and articles of personal property at least equal in quality and condition to those replaced, free from chattel mortgages or other encumbrances thereon and free from any reservation of title thereto; or (h) after thirty days' notice to the mortgagor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of mortgages or debts secured thereby for state or local purposes; or (i) if the mortgagor fails to keep, observe and perform any of the other covenants, conditions or agreements contained in this mortgage; or (j) if the mortgagor fails to keep, observe and perform any of the covenants, conditions or agreements contained in any prior mortgage or fails to repay to the mortgagee the amount of any installment of principal or interest which the mortgagee may have paid on such mortgage with interest thereon as provided in paragraph 16 of this mortgage.

15. That the mortgagor will, in compliance with Section 13 of the Lien Law, receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

This mortgage may not be changed or terminated orally. The covenants contained in this mortgage shall run with the land and bind the mortgagor, the heirs, personal representatives, successors and assigns of the mortgagor and all subsequent owners, encumbrancers, tenants and subtenants of the premises, and shall inure to the benefit of the mortgagee, the personal representatives, successors and assigns of the mortgagee and all subsequent holders of this mortgage. The word "mortgagor" shall be construed as if it read "mortgagors" and the word "mortgagee" shall be construed as if it read "mortgagees" whenever the sense of this mortgage so requires.

IN WITNESS WHEREOF, this mortgage has been duly executed by the mortgagor

IN PRESENCE OF:

SHANGOL INC.

By:

Witness:

STATE OF ~~New Jersey~~
COUNTY OF Essex

SS.:

I CERTIFY that on November 30, 2012, Albert Nazareno, Jr. ^{Ms 2012 30} personally came before me and acknowledged under oath, to my satisfaction, that:
(a) this person is the _____ of _____, a _____ corporation, the corporation named in this instrument; and
(b) this person was authorized to and did execute this instrument as its voluntary act duly authorized by a proper resolution of its Board of Directors;

Deborah Sayers

(Notary Public)

DEBORAH SAYERS
Notary Public
State of New Jersey
My Commission Expires Oct 7, 2016

SCHEDULE A

- 1. MORTGAGE HELD BY ALMA BANK IN THE
AMOUNT OF THREE MILLION SIX HUNDRED
THOUSAND (\$3,600,000.00) DOLLARS DATED
November 27, 2012.**

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

R. David Ades

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

R. David Ades
Law Offices of Ades & Associates
118-21 Queens Blvd., Suite 501
Forest Hills, NY 11375

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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

1a. ORGANIZATION'S NAME SHANGOL, INC.		FIRST NAME		MIDDLE NAME	SUFFIX
OR 1b. INDIVIDUAL'S LAST NAME		CITY WEST ORANGE		STATE NJ	POSTAL CODE 07052
1c. MAILING ADDRESS 609 EAGLE ROCK AVENUE		2c. JURISDICTION OF ORGANIZATION NEW JERSEY		1d. ORGANIZATIONAL ID #, if any <input checked="" type="checkbox"/> NONE	
1e. TAX ID # 22-2171139	ADDITIONAL INFO RE ORGANIZATION OR DEBTOR	1f. TYPE OF ORGANIZATION CORPORATION			

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

2a. ORGANIZATION'S NAME		FIRST NAME		MIDDLE NAME	SUFFIX
OR 2b. INDIVIDUAL'S LAST NAME		CITY		STATE	POSTAL CODE
2c. MAILING ADDRESS		2e. JURISDICTION OF ORGANIZATION		2d. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE	
2f. TAX ID #	ADDITIONAL INFO RE ORGANIZATION OR DEBTOR	2g. TYPE OF ORGANIZATION			

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR, IF) - Insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME		FIRST NAME PARHAM		MIDDLE NAME	SUFFIX
OR 3b. INDIVIDUAL'S LAST NAME YEDIDSKON		CITY BEVERLY HILLS		STATE CA	POSTAL CODE 90210
3c. MAILING ADDRESS 1915 LOMA VISTA DRIVE		COUNTRY USA			

4. THE FINANCING STATEMENT covers the following collateral:
**PERSONAL PROPERTY BELONGING TO SHANGOL, INC.
 SUCH PROPERTY MAY BE LOCATED AT 609-611 EAGLE ROCK AVENUE, WEST ORANGE, NJ 07052 AND AT 619
 EAGLE ROCK AVENUE, WEST ORANGE, NJ 07052 BUT MAY ALSO BE LOCATED ELSEWHERE**

5. ALTERNATIVE DESIGNATION (if applicable)	LESSOR/LESSOR	CONSIGNEE/CONSIGNOR	BAI 1/EMBAI/OR	SELLER/BUYER	AS LUM	NON-UCC FILING
6. THIS FINANCING STATEMENT IS TO BE USED FOR RECEIPT (or ASSIGNMENT) BY THE FILER	7. CHECK IF PRESENT SECURED PARTY REPORT (S) OR DISBURSE	AS Debitors	Debtor 1	Debtor 2		

FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/20/08)

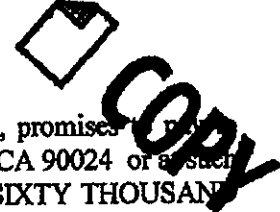
February 1, 2010

\$60,000

PROMISSORY NOTE

FOR VALUE RECEIVED, Shangol, Inc., a New Jersey corporation, promises to pay Parham Yedidsion ("Payee"), at 10940 Wilshire Blvd, 6th Floor, Los Angeles, CA 90024 or at such other place as may be designated in writing by Payee, the principal sum of SIXTY THOUSAND DOLLARS (\$60,000), plus interest on the outstanding unpaid balance thereof at the rate of Seven Percent (7%) per annum from the date hereof as follows:

1. Interest shall be payable monthly on or before the first day of each month, beginning February 1, 2010.
2. The entire balance of principal and unpaid interest shall be due and payable September 1, 2011.
3. Payments to the Payee shall be credited first upon costs of collection, if any, as provided below, next upon accrued interest and last upon principal.
4. There shall be no penalty for any prepayment of principal.
5. The occurrence of any of the following specified events shall be deemed an "Event of Default" on this Note:
 - a. the failure to pay any amount under this Note within ten (10) calendar days of the date when due;
 - b. if either of the undersigned shall make an assignment for the benefit of creditors, have a custodian, trustee, receiver or agent appointed to take possession of all, or substantially all, of the property of the undersigned, generally not be paying the undersigned's debts as such debts become due, breach any loan obligation secured by the property purchased with the proceeds of this loan, become "insolvent," as that term is defined in the United States Bankruptcy Code ("Code"), file a petition for relief under the Code, or have any such petition under the Code filed against either of the undersigned; or
 - c. the breach or default by either of the undersigned of any other obligation herein.
6. Upon the occurrence and during the continuance of an Event of Default:
 - a. a late fee of 10% of the amount of any late payment shall be immediately due and payable;



b. the interest payable upon this Note shall increase to a rate of twelve percent (12%) per annum;

c. in the sole discretion of the Payee, the entire unpaid principal amount hereof and all interest thereon shall be immediately due and payable; and

d. the Payee and Mr. Morris Mehraban jointly shall have an option to purchase a 51% equity interest in Shangol, Inc. and Pleasandale Cocktail Lounge, Inc., which shall include, but not be limited to the real estate and improvements located at 609-611 and 619 Eagle Rock Avenue, West Orange, N.J. as well as the Atrium Country Club business assets and improvements thereon (inclusive of any liquor license(s)), for a combined total price equal to \$5,000,000, less all of its current and long-term liabilities, payable in cash on customary and reasonable terms.

7. Should it become necessary for the Payee to engage the services of legal counsel to collect any sums past due hereunder, whether or not such collection includes litigation, the undersigned shall pay all fees and costs incurred by the holder in connection with such collection.

8. The undersigned hereby waive diligence, demand, presentment for payment, protest and notice of protest. The undersigned further waive, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note or any guarantee or other agreement hereafter securing this Note. The undersigned further waive all rights of setoff and counterclaim with respect to this Note, including setoffs and counterclaims which arise from claims heretofore unknown to the undersigned.

9. No course of dealing between the undersigned and the Payee, and no delay on the part of the Payee in exercising any rights under this Note shall operate as a waiver of any rights of the Payee.

10. The undersigned hereby represents to the Payee that the proceeds of the loan evidenced by this Note were used entirely for business purposes.

11. Any other provision herein to the contrary notwithstanding, in no event shall the amount paid or agreed to be paid to Payee as interest exceed the highest lawful rate. If, from any circumstances whatsoever, fulfillment of any provision herein or any other agreement between Payee and the undersigned shall, at the time of such fulfillment, involve payment of interest in excess of that authorized by law, the obligation to be fulfilled shall be reduced to the limits so authorized by law, and if from any circumstance Payee shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall not be deemed interest, but shall be applied to the reduction of unpaid principal.

12. Time is strictly of the essence under this Note.

13. This Note shall be construed in accordance with and governed by the laws of the State of New York without giving effect to conflict of laws that would result in the application of the law of another jurisdiction. The undersigned hereby consent in any legal action relating to this Note to submit to the personal jurisdiction and venue of a court of subject matter jurisdiction located in Nassau County, New York.

Executed at Great Neck, New York.

Dated: February 1, 2010

Shangol, Inc.

Shangol, Inc.

By: *[Signature]*

By: *[Signature]*

YOUSSEPH NAZARIAN, Secretary
(Printed name and title) + V.P.

ALBERT A. NAZARIAN, P.R.
(Printed name and title)

Shangol, Inc.

By: *[Signature]* B/M

MASSIMO NAZARIAN, J.P.
(Printed name and title)