



Order Filed on February 18, 2015
by Clerk
U.S. Bankruptcy Court
District of New Jersey

<p>UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY</p> <p>Caption in Compliance with D.N.J. LBR 9004-2(c) COLE, SCHOTZ P.C. Court Plaza North 25 Main Street P.O. Box 800 Hackensack, New Jersey 07602-0800 Michael D. Sirota, Esq. Warren A. Usatine, Esq. Felice R. Yudkin, Esq. (201) 489-3000 (201) 489-1536 Facsimile Proposed Attorneys for C. Wonder, LLC <i>et al.</i>, Debtors-in-Possession</p>
<p>In re:</p> <p>C. WONDER LLC, <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors-in-Possession.</p>

Case No. 15-11127 (MBK)
Judge: Michael B. Kaplan
Chapter 11
(Jointly Administered)
Hearing Date and Time:
February 13, 2015, at 1:00 p.m.

ORDER: (A) APPROVING BIDDING PROCEDURES AND TERMS OF AUCTION OF DEBTORS' INTEREST IN THEIR NONRESIDENTIAL REAL PROPERTY LEASE IN THE SOHO SECTION OF NEW YORK; (B) APPROVING PURCHASE AND SALE AGREEMENT AND BIDDING PROTECTIONS; (C) SETTING RELEVANT AUCTION, APPROVAL AND RELATED HEARING DATES; AND (D) GRANTING RELATED RELIEF

The relief set forth on the following pages, numbered two (2) through five (5), is hereby **ORDERED**.

DATED: February 18, 2015

Honorable Michael B. Kaplan
United States Bankruptcy Judge

¹ The Debtors in these Chapter 11 cases are C. Wonder LLC; C. Wonder Gift Cards Inc.; C. Wonder Transport LLC; CW Holland LLC and CW International Holdings LLC.

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Debtors: C. WONDER LLC, *et al.*

Case Nos. 15-11127 (MBK)

Caption of Order: ORDER: (A) APPROVING BIDDING PROCEDURES AND TERMS OF AUCTION OF DEBTORS' INTEREST IN THEIR NONRESIDENTIAL REAL PROPERTY LEASE IN THE SOHO SECTION OF NEW YORK; (B) APPROVING PURCHASE AND SALE AGREEMENT AND BIDDING PROTECTIONS; (C) SETTING RELEVANT AUCTION, APPROVAL AND RELATED HEARING DATES; AND (D) GRANTING RELATED RELIEF

Upon the Motion for Entry of an Order: (a) Approving Bidding Procedures and Terms of Auction of Debtors' Interest in their Nonresidential Real Property Lease in the Soho Section of New York; (b) Approving Purchase and Sale Agreement and Bidding Protections; (c) Authorizing Assumption and Assignment of Lease to the Successful Bidder Free and Clear of Liens, Claims and Encumbrances; (d) Setting Relevant Auction, Approval and Related Hearing Dates; and (e) Granting Related Relief (the "**Motion**")² of the above-captioned debtors and debtors in possessions (the "**Debtors**"), and the Court having considered the Motion; and due and proper notice of the Motion having been given; and it appearing that good and sufficient cause exists for granting the intermediate requested relief, as set forth below, and that the intermediate relief requested by the Motion is in the best interests of the Debtors' estate and its creditors;

IT IS HEREBY ORDERED THAT:

1. The form of asset purchase agreement (the "**Agreement**") attached hereto as **Exhibit A** be and hereby is approved to serve as the basis for the Debtors' solicitation of higher or otherwise better bids for the Lease. The final form of asset purchase agreement (the "**Final**

² Capitalized terms used but not defined herein have the meaning given to such terms in the Motion or the Bidding Procedures, as applicable.

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Agreement”) and the Debtors’ request to consummate the sale transaction pursuant thereto shall be subject to further approval at the Sale Hearing.

2. The proposed sale of the Lease to the Stalking Horse Purchaser shall be subject to higher or otherwise better offers. In connection with the Debtors’ solicitation of higher or otherwise better offers, the Debtors hereby are authorized, subject to further approval at the Sale Hearing, to enter into an asset purchase agreement with potential interested purchasers substantially in the same form as the Agreement.

3. The Court shall consider the approval of the Break-Up Fee at the Sale Hearing.

4. The Debtors are authorized to conduct an Auction for the sale of their Lease pursuant to the Motion and the Bidding Procedures as set forth on **Exhibit B** hereto.

5. If any Qualified Bids are received in accordance with the Bidding Procedures by the Bid Deadline, the Debtors shall conduct an auction commencing on **March 12, 2015 at 10:00 a.m. at the offices of Cole Schotz. P.C., 25 Main Street, Hackensack, New Jersey**, or at such other time and place as announced at or prior to the Auction.

6. A hearing to consider (a) the additional relief sought by the Motion, including, without limitation, the Debtors’ proposed assumption, sale, assignment and transfer of the Lease to the Successful Bidder (or in certain circumstances, the Alternate Bidder), free and clear of all Encumbrances, and (b) any objections by the Landlord to the proposed assignment of the Lease

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Debtors: C. WONDER LLC, *et al.*
Case Nos. 15-11127 (MBK)
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on the basis of inadequate assurance of future performance by the assignee, and any and all Lease cure related matters, shall be held on **March 17, 2015 at 1:00 p.m.** at the United States Bankruptcy Court for the District of New Jersey, Martin Luther King, Jr. Federal Building, 50 Walnut Street, Third Floor, Newark, New Jersey 07102, Courtroom 3E.

7. Except as set forth to the contrary above, Objections, if any, to final approval of the sale and assumption and assignment of the Lease shall (i) be in writing, (ii) state with particularity the basis of the objection; and (iii) be filed with the Clerk of the United States Bankruptcy Court electronically by attorneys who regularly practice before the Bankruptcy Court in accordance with D.N.J. LBR 5005-1 and the Appendix thereto, *Administrative Procedures For Filing, Signing And Verifying Documents By Electronic Means* (the “**Administrative Procedures**”) (a copy of the aforementioned rule and the Administrative Procedures can be found at www.njb.uscourts.gov, the official website for the Bankruptcy Court) and, by all other parties-in-interest, and shall be served in accordance with the service requirements of the Administrative Procedures by no later than **10:00 a.m. on March 16, 2015.**

8. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

EXHIBIT A

PURCHASE AND SALE AGREEMENT

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is made as of this 10th day of February, 2015, by and between APOPOSH, INC. d/b/a Brandy Melville, a corporation with an address of 1420 4th St. Santa Monica, CA 90401 ("Purchaser") and C. WONDER, L.L.C, a limited liability company with an address of 1115 Broadway, New York, New York ("Seller").

WITNESSETH:

WHEREAS, Seller filed a voluntary Petition (as defined below) for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court (each as defined below) on January 22, 2015; and

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell, transfer and assign to Purchaser, the Lease (as defined below) in accordance with this Agreement and in accordance with and subject to the Bid Procedures, the Bid Procedures Order and the Sale Order (each as defined below), pursuant to Sections 105, 363 and 365 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants, promises and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1 INTERPRETATION

1.1. Definitions. Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows.

"Affiliate" means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by or is under common control with such Person. For purposes of this definition "control" means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Alternative Transaction" means the Seller entering, or otherwise agreeing to enter, into a transaction involving a sale, transfer, assignment or other disposition of the Lease to another purchaser other than the Purchaser.

"Assignment and Assumption Agreement" means that certain assignment and assumption agreement to be executed at Closing with respect to the Lease, substantially in the form attached hereto as Exhibit A.

"Auction" means the auction in connection with the sale and assignment of the Lease, as described in the Bid Procedures Order.

“Bankruptcy Cases” means the Chapter 11 case of Seller filed in the Bankruptcy Court.

“Bankruptcy Code” means Title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of New Jersey.

“Bid Procedures” means bid procedures to be approved by the Bankruptcy Court pursuant to the Bid Procedures Order on the terms and conditions set forth herein.

“Bid Procedures Order” means the order of the Bankruptcy Court approving the bid procedures on the terms and conditions set forth herein.

“Break-Up Fee” means Fifty Thousand (\$50,000) Dollars.

“Business Day” means a day other than a Saturday, Sunday or any other day on which the principal national banks located in the City of New York are not open for business during normal banking hours.

“Cure Amounts” means all amounts payable in connection with the cure of defaults under the Lease.

“Encumbrances” means, with respect to the Lease, any mortgage, deed of trust, pledge, security interest, lien or encumbrance.

“Governmental Authority” means any United States federal, state or local government or any foreign government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any arbitrator or arbitral body.

“Landlord” means Spring Street Co. LLC.

“Law” means any federal, state, local or foreign statute, law, code, ordinance, order, rule or regulation or any common law requirement.

“Lease” means that certain Standard Form of Lease with the Landlord dated April 12, 2011 for premises located at 72 Spring Street, New York, New York.

“Liability” means any debt, liability, obligation, assessment, cost, expense, loss, expenditure, charge, fee, penalty, fine, or obligation of any kind, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and regardless of when sustained, incurred or asserted or when the relevant events occurred or circumstances existed, including all costs and expenses relating thereto.

“Person” means any individual or corporation, association, partnership, limited liability company, joint venture, joint stock or other company, business trust, trust, organization, Governmental Authority or other entity of any kind.

“Petition” mean a voluntary petition for Chapter 11 bankruptcy relief.

“Purchase Price” means the purchase price payable to Seller for the Lease provided herein.

“Purchaser” has the meaning set forth in the preamble.

“Purchaser Deposit Amount” has the meaning set forth in Section 2.3.

“Sale Hearing” means the hearing conducted by the Bankruptcy Court to approve the transactions contemplated by this Agreement or a competing transaction.

“Sale Motion” means the motion, in form and substance reasonably acceptable to Seller and Purchaser, filed by Seller pursuant to, inter alia, Sections 363 and 365 of the Bankruptcy Code to obtain the Sale Order.

“Sale Order” means an order of the Bankruptcy Court authorizing and approving the sale and assignment of the Lease to Purchaser on the terms and conditions set forth herein.

“Seller” has the meaning set forth in the preamble.

“Transactions” mean the transactions contemplated by this Agreement, the Ancillary Agreements and all other transactions and agreements contemplated hereby and thereby.

SECTION 2 PURCHASE, SALE AND ASSIGNMENT OF LEASE

2.1. Sale and Assignment of Lease. Subject to the terms and conditions of this Agreement, at Closing, Seller shall sell, assign, convey, transfer and deliver to Purchaser, and Purchaser shall purchase from Seller, all of Seller’s right, title and interest, free and clear of all Encumbrances in and to the Lease.

2.2. Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement, Purchaser shall pay the Cure Amounts and will assume, effective as of the Closing, and will timely perform and discharge in accordance with their respective terms, all Liabilities of Seller relating to the Lease that arise on or after the Closing Date or arise prior to the Closing Date to the extent requiring performance after the Closing Date (the “Assumed Liabilities”).

2.2. Purchase Price. The purchase price for the Lease shall be One Million Two Hundred Thousand Dollars (\$1,200,000) via wire transfer of immediately available funds, exclusive of and in addition to the assumption of the Assumed Liabilities.

2.3. Purchaser Deposit. Simultaneously with the execution of this Agreement, pursuant to the terms of an escrow agreement substantially in a form agreed to by Seller and Purchaser (the "Deposit Escrow Agreement"), Purchaser is depositing with Cole Schotz, P.C. under the Deposit Escrow Agreement (the "Escrow Agent") the sum of One Hundred Twenty Thousand Dollars (\$120,000) by wire transfer of immediately available funds (the "Purchaser Deposit Amount"), to be released by the Escrow Agent and delivered to either Purchaser or Seller in accordance with the provisions of the Deposit Escrow Agreement and the terms of this Agreement as follows:

(a) If the Closing shall occur, the Purchaser Deposit Amount, together with all accrued interest and investment income thereon, if any, shall be applied towards the cash portion of the Purchase Price payable by Purchaser under Section 2.2 hereof;

(b) If this Agreement is terminated by Seller pursuant to Section 9.1(d), the Purchaser Deposit Amount, together with all accrued interest and investment income thereon, if any, shall be delivered to Seller. Seller's right to the Purchaser Deposit Amount shall be in lieu of any and all other remedies that the Seller may otherwise have against Purchaser on account of and in full satisfaction of, any breach, violation or default by Purchaser under this Agreement; and

(c) If this Agreement is terminated for any reason other than by Seller pursuant to Section 9.1(d), the Purchaser Deposit Amount, together with all accrued interest and investment income thereon, shall be returned to Purchaser in lieu of any and all other remedies that Purchaser may otherwise have against Seller on account of, and in full satisfaction of, any breach, violation or default by Seller under this Agreement.

2.4. Sale at Closing Date. The sale, transfer, assignment, conveyance and delivery by Seller of the Lease to Purchaser shall be effected on the Closing Date by the execution and delivery by Seller and Purchaser of the Assignment and Assumption Agreement.

SECTION 3 REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser as follows:

3.1. Organization and Good Standing. Seller is validly existing and in good standing under the laws of the jurisdiction of its organization.

3.2. Authorization. Subject to entry of the Sale Order, Seller has all requisite power and authority to execute and deliver, and carry out its obligations under, this Agreement and the Ancillary Agreements and consummate the Transactions. Each of this Agreement and the Ancillary Agreements has been or will be duly executed and delivered by Seller and, assuming due authorization, execution and delivery by Purchaser, constitutes or will constitute the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms, subject to entry of the Sale Order.

3.3. Consents and Approvals. Subject to entry of the Sale Order, the execution, delivery and performance by Seller of this Agreement and the Ancillary Agreements and the

consummation of the Transactions do not require the consent or approval of, or filing with, any Governmental Authority.

3.4. Title to Lease. Seller is the owner of the Lease as of the date hereof. Subject to entry of the Sale Order, Seller has, and at the Closing Purchaser shall receive, good, valid and marketable title to the Lease, free and clear of any and all Encumbrances.

3.5. No Broker or Finder. Except for A&J Realty, LLC, no broker, finder or financial advisor has been engaged by Seller in connection with the Transactions.

3.6. Disclaimer of Other Representations and Warranties. Except as expressly set forth in this Section 3, Seller makes no representation or warranty, statutory, express or implied, at law or in equity, in respect of Seller or the Lease, and any such other representations or warranties are hereby expressly disclaimed, and there are no other warranties, statutory, express or implied that extend beyond the warranties contained in this Agreement. Purchaser hereby acknowledges and agrees that, except to the extent specifically set forth in this Section 3, Purchaser is purchasing the Lease on an "as-is, where-is" basis and "with all faults."

SECTION 4 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows:

4.1. Organization and Good Standing. Purchaser is a corporation, duly organized, validly existing and in good standing under the laws of its state or incorporation and has full corporate power and authority to enter into and carry out its obligations under this Agreement.

4.2. Authorization. Purchaser has all requisite power and authority to execute and deliver and carry out its obligations under this Agreement and the Ancillary Agreements, and consummate the Transactions, and is not under any prohibition or restriction, contractual, statutory or otherwise, against doing so. Each of this Agreement and the Ancillary Agreements has been or will be duly executed and delivered by Purchaser and, assuming due authorization, execution and delivery by Seller, constitutes or will constitute the legal, valid and binding obligation of Purchaser, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other Laws affecting the rights of creditors generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

4.3. No Conflicts. The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the Transactions shall not, with or without the giving of notice or lapse of time, (i) violate any provision of the organizational documents of Purchaser, (ii) violate any Law to which Purchaser is subject, or (iii) conflict with, or result in a breach or default under, any term or condition of any other agreement or other instrument to which Purchaser is a party or by which Purchaser is bound.

4.4. Consents and Approvals. Subject to entry of the Sale Order the execution, delivery and performance by Purchaser of this Agreement and the Ancillary Agreements and the

consummation of the Transaction do not require the consent or approval of, or filing with, any Governmental Authority.

4.5. Litigation. No lawsuit, governmental investigation or legal, administrative or arbitration action or proceeding is pending or, to the best of Purchaser's knowledge, has been threatened against Purchaser which questions the validity of this Agreement or seeks to prohibit, enjoin or otherwise challenge the consummation of the Transactions or would otherwise have a material adverse effect on Purchaser's ability to finance or otherwise consummate the Transactions.

4.6. No Broker or Finder. Except for Cushman & Wakefield, no broker, finder or financial advisor has been engaged by Purchaser in connection with the Transactions.

4.7. Financing. Purchaser has sufficient funds, in an aggregate amount necessary to pay the Purchase Price and to perform the Assumed Liabilities and to consummate all of the other transactions contemplated by this Agreement and the Ancillary Documents to which it is a party.

4.8. "AS IS" TRANSACTION. PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN SECTION 3 OF THIS AGREEMENT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE LEASE. WITHOUT IN ANY WAY LIMITING THE FOREGOING, SELLER HEREBY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AS TO THE LEASE. PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER HAS CONDUCTED AN INDEPENDENT INSPECTION AND INVESTIGATION OF THE PHYSICAL CONDITION OF THE PROPERTY WHICH IS THE SUBJECT MATTER OF THE LEASE AND ALL SUCH OTHER MATTERS RELATING TO OR AFFECTING THE LEASE AND THAT IN PROCEEDING WITH ITS ACQUISITION OF THE LEASE, EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION 3 HEREOF, PURCHASER IS DOING SO BASED SOLELY UPON SUCH INDEPENDENT INSPECTIONS AND INVESTIGATIONS. ACCORDINGLY, PURCHASER WILL ACCEPT THE LEASE AT THE CLOSING "AS IS," "WHERE IS," AND "WITH ALL FAULTS."

SECTION 5 CERTAIN COVENANTS OF SELLER

5.1. Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the acceptance by Seller of higher or better competing bids (each a "Competing Bid"). From the date hereof (and any prior time) and until the completion of the Auction or as otherwise directed by the Bankruptcy Court, Seller is permitted to cause its representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Purchaser and its Affiliates, agents and representatives) in connection with any sale or other disposition of the Lease. In addition, Seller shall be permitted to respond to any inquiries or offers to purchase the Lease (each, an

“Alternative Proposal”), provided that such Person enters into a non-disclosure agreement in favor of Seller which shall inure to the benefit of the winning bidder at the Auction, and perform any and all other acts related thereto which are required under the Bankruptcy Code or other applicable law, including supplying information relating to the Lease to prospective buyers. No later than two Business Days prior to the Auction, Seller shall provide to Purchaser a copy of any such Alternative Proposal and any written response of Seller thereto and regularly update Purchaser as to the status of any negotiations therewith.

5.2. Sale Order. The Sale Order shall, among other things, (i) approve, pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, (A) the execution, delivery and performance by Seller of this Agreement, (B) the assignment of the Lease to the Purchaser on the terms set forth herein and free and clear of all Encumbrances (other than Encumbrances included in the Assumed Liabilities), and (C) the performance by Seller of its obligations under this Agreement; (ii) authorize and empower Seller to assume and assign to the Purchaser the Lease; and (iii) find that Purchaser is a “good faith” buyer within the meaning of Section 363(m) of the Bankruptcy Code, not a successor to Seller and grant the Purchaser the protections of Section 363(m) of the Bankruptcy Code. The Purchaser agrees that it will promptly take such actions as are reasonably requested by Seller to assist in obtaining Bankruptcy Court approval of the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of (a) demonstrating that the Purchaser is a “good faith” purchaser under Section 363(m) of the Bankruptcy Code and (b) establishing adequate assurance of future performance within the meaning of Section 365 of the Bankruptcy Code.

5.3. Release of Encumbrances. Seller’s obligation to deliver the Lease free and clear of any Encumbrances shall be limited to Seller’s efforts to obtain the Sale Order that provides for the delivery of the Lease free and clear of any Encumbrances.

SECTION 6 CERTAIN COVENANTS OF PURCHASER.

6.1. Performance with Respect to the Lease. Purchaser agrees that from and after the Closing Date, that it shall (i) assume all Assumed Liabilities, and (ii) take all actions necessary to satisfy its obligations and liabilities with respect to the Assumed Liabilities (including, without limitation, under the terms and conditions of the Lease).

6.2. Further Assurances. Upon the request of Seller, Purchaser shall forthwith execute and deliver such documents as Seller or its counsel may reasonably request to effectuate the purposes of this Agreement.

6.3. Cure Amounts. Purchaser shall pay all Cure Amounts with respect to the Lease within ten (10) Business Days from the Closing Date in accordance with the Sale Order.

SECTION 7 CONDITIONS TO SELLER’S OBLIGATIONS

The obligations of Seller to consummate the Transactions are subject to the satisfaction (unless waived in writing by Seller) of each of the following conditions on or prior to the Closing Date:

7.1. Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement that are not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date, except to the extent expressly made as of an earlier date, in which case as of such earlier date, and the representations and warranties of Purchaser contained in this Agreement that are qualified by materiality shall be true and correct in all respects on and as of the Closing Date, except to the extent expressly made as of an earlier date, in which case they shall be true and correct as of such earlier date.

7.2. Compliance with Agreements. Purchaser shall have performed and complied in all material respects with all covenants and conditions under this Agreement and the Ancillary Agreements to be performed or complied with by it on or prior to the Closing Date.

7.3. Purchaser's Closing Deliveries and Obligations. Purchaser shall have delivered all items and satisfied all obligations required of Purchaser hereunder.

7.4. Auction. Purchaser shall be the successful bidder at the Auction in accordance with the Bid Procedures Order.

7.5. Entry of the Sale Order. The Bankruptcy Court shall have entered the Sale Order.

7.6. Release of Collateral. All collateral provided by Seller in connection with the Lease has been released and/or returned by the Landlord to Seller.

SECTION 8 **CONDITIONS TO PURCHASER'S OBLIGATIONS**

The obligation of Purchaser to consummate the Transactions is subject to the satisfaction (unless waived in writing by Purchaser) of each of the following conditions on or prior to the Closing Date:

8.1. Representations and Warranties. The representations and warranties of the Seller contained in this Agreement that are not qualified by materiality shall be true and correct in all material respects on and as of the Closing Date, except to the extent expressly made as of an earlier date, in which case as of such earlier date, and the representations and warranties of the Seller contained in this Agreement that are qualified by materiality shall be true and correct in all respects on and as of the Closing Date, except to the extent expressly made as of an earlier date, in which case they shall be true and correct as of such earlier date.

8.2. Compliance with Agreements. Seller shall have performed and complied in all material respects with all covenants and conditions under this Agreement and the Ancillary Agreements to be performed or complied with by it on or prior to the Closing Date.

8.3. Seller's Closing Deliveries and Obligations. Seller shall have delivered all items and satisfied all obligations required of Seller hereunder.

8.4. Auction. Purchaser shall be the successful bidder at the Auction in accordance with the Bid Procedures Order.

8.5. Entry of the Sale Order. The Bankruptcy Court shall have entered the Sale Order.

SECTION 9
CLOSING; TERMINATION

9.1. The Closing. The Closing of the purchase by Purchaser from Seller and assignment by Seller to Purchaser of the Lease (the "Closing") shall be held on the fifth (5th) Business Day after the satisfaction or waiver of the conditions set forth in Sections 7 and 8 of this Agreement (excluding those conditions which by their nature are to be satisfied as part of the Closing), or at such other time as the parties hereto may agree (the "Closing Date"). The Closing shall be held at the offices of Cole Schotz, P.C., 25 Main Street, Hackensack, New Jersey 07601 or at such other location as the parties hereto may agree. At the Closing, all of the transactions provided for in Section 2 hereof shall be deemed to be consummated on a concurrent and simultaneous basis.

9.2. Seller's Deliveries at Closing. At the Closing, Seller shall deliver (or cause to be delivered) to Purchaser the following: (i) the duly executed Assignment and Assumption Agreement; (ii) a copy of the Sale Order and case docket reflecting that the Sale Order is in effect; (iii) a certificate, executed by a duly authorized officer of Seller, to the effect that all conditions to Closing set forth in Section 8.1 and Section 8.2 have been satisfied; and (iv) such other documents as Purchaser or its counsel shall reasonably require in order to effect the Transactions.

9.3. Purchaser's Payment of Purchase Price. At the Closing, Purchaser shall deliver (or cause to be delivered) the Purchase Price (less the Purchaser Deposit Amount, together with all accrued interest and investment income thereon (which shall be released by the Escrow Agent to Seller in accordance with the terms hereof)).

9.4. Purchaser's Deliveries to Seller at Closing. At the Closing, Purchaser shall deliver (or cause to be delivered) to (A) Seller the following: (i) the duly executed Assignment and Assumption Agreement; (ii) certified resolutions of the governing body of Purchaser approving and authorizing the Transactions; (iii) a certificate, executed by a duly authorized officer of Purchaser, to the effect that all conditions to Closing set forth in Section 7.1 and Section 7.2 have been satisfied; and (iv) such other documents as Seller or its counsel shall reasonably require in order to effect the Transactions; and (B) the Landlord, a wire transfer of immediately available funds in the amount of Four Hundred Forty Five Thousand Three Hundred Sixty Dollars (\$445,360) to replace the Seller's existing security deposit under the Lease.

9.5. Termination. Anything in this Agreement to the contrary notwithstanding, this Agreement and the Transactions may be terminated in any of the following ways at any time before the Closing and in no other manner, subject to the provisions hereof:

(a) at any time by mutual written consent of Purchaser and Seller;

(b) by Purchaser if (i) the Auction has not concluded on or before forty (40) days following entry of the Bid Procedures Order, or (ii) the Sale Order has not been entered by the Bankruptcy Court on or before forty-five (45) days following entry of the Bid Procedures

Order, provided however, that Purchaser shall only be permitted to terminate this Agreement pursuant to this Section 9.5(b) if Purchaser is not then itself in material breach of any of its representations, warranties, covenants or agreement contained herein or in the Bid Procedures Order;

(c) by Purchaser, if the Closing shall not have occurred on or before March 31, 2015, or such later date as Seller and Purchaser agree or is necessary due solely to the scheduling and availability of the Bankruptcy Court (the "Termination Date"); provided, however, that Purchaser may not terminate this Agreement pursuant to this Section 10.2(c) if the Closing shall not have occurred on or before the Termination Date due to a breach of any representations, warranties, covenants or agreements contained in this Agreement by Purchaser;

(d) by Seller, if any condition to the obligations of Seller set forth in Section 7 shall have become incapable of fulfillment (including failure of Purchaser to be the successful bidder at the Auction) other than as a result of a material breach by Seller of any covenant or agreement contained in this Agreement, and such condition is not waived by Seller;

(e) by Purchaser, if any condition to the obligations of Purchaser set forth in Section 8 shall have become incapable of fulfillment (including failure of Purchaser to be the successful bidder at the Auction) other than as a result of a breach by Purchaser of any covenant or agreement contained in this Agreement, and such condition is not waived by Purchaser;

(f) by Seller, if Purchaser is in breach in any respect of any of its representations made in this Agreement that are qualified by materiality or in material breach in any respect of any of its representations not so qualified, or is in violation or default in any material respect of any of its covenants or agreements in this Agreement, if such breach, violation or default has not been cured or waived within ten (10) days following receipt of written notice from Seller specifying, in reasonable detail, such claimed breach, violation or default and demanding its cure or satisfaction;

(g) by Seller, if in compliance with the terms of the Bid Procedures Order;

(h) by Purchaser, if the Seller is in breach in any respect of any of its representations made in this Agreement that are qualified by materiality or in material breach in any respect of any of its representations not so qualified, or are in violation or default in any material respect of any of its covenants or agreements in this Agreement, if such breach, violation or default has not been cured or waived within ten (10) days following receipt of written notice from Purchaser specifying, in reasonable detail, such claimed breach, violation or default and demanding its cure or satisfaction;

(i) by Seller or Purchaser if there shall be in effect a final non-appealable order of a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transactions, it being agreed that the parties hereto shall promptly appeal any adverse determination which is not non-appealable (and pursue such appeal with reasonable diligence);

(j) by Purchaser, if, as a result of an order of the Bankruptcy Court, the Bankruptcy Cases are converted to Chapter 7 and a Chapter 7 trustee is appointed with respect to

Seller; or

(k) automatically, if the Seller closes or consummates an Alternative Transaction.

9.6 Effects of Termination.

(a) If this Agreement is terminated pursuant to Section 9.6, this Agreement (other than Section 9.3 (Effects of Termination), Section 12 (Expenses, Attorneys' Fees and Brokers' Fees) and Section 10.6 (Governing Law; Jurisdiction), each of which shall remain in full force and effect) shall forthwith become null and void and no party hereto shall have any liability or further obligation to any other party hereto, except as provided in this Section 9.6.

(b) Subject to Section 2.3 and Section 9.7, if applicable, the liability of Purchaser and Seller under or arising from this Agreement is and shall be limited to the return or receipt of the Purchaser Deposit Amount and/or payment of the Break-Up Fee, if applicable.

9.7 Break-Up Fee. If this Agreement is terminated pursuant to Section 9.5(k), then the Break-Up Fee shall immediately become earned and payable solely from the first proceeds of such Alternative Transaction. The Break-Up Fee payable pursuant to this Section shall be a super priority administrative expense obligation under Section 364(c)(1) of the Bankruptcy Code with priority over all expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code. Seller hereby acknowledge that the obligation to pay the Break-Up Fee (to the extent due hereunder) shall survive the termination of this Agreement.

SECTION 10
MISCELLANEOUS

10.1. Assignment of Lease Subject to Bankruptcy Court Approval. This Agreement, the assignment of the Lease and Seller's ability to perform under this Agreement is conditioned and contingent upon Bankruptcy Court approval of the Bid Procedures and entry of the Bid Procedures Order and Sale Order.

10.2. Survival of Representations and Warranties. Until the Closing, all representations and warranties herein shall be operative and in full force and effect. All representations and warranties and covenants contained herein shall terminate and shall not survive the Closing.

10.3. Entirety of Agreement; Amendments and Waivers. This Agreement (including all schedules and exhibits hereto), together with the Ancillary Agreements and certificates delivered hereunder, state the entire agreement of the parties with respect to the subject matter hereof, merge all prior negotiations, agreements and understandings, if any, and state in full all representations, warranties, covenants and agreements which have induced this Agreement. Each of Seller and Purchaser otherwise makes no other representations or warranties including any implied representations or warranties. Each party agrees that in dealing with third parties no contrary representations shall be made. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. The waiver by any party hereto of a

breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

10.4. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties without the prior written consent of the other party.

10.5. Successors and Assigns; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement shall not confer any rights or remedies upon any Person other than the parties hereto and their respective heirs, personal representatives, legatees, successors and permitted assigns.

10.6. Governing Law; Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York applicable to contracts made and to be entirely performed therein. In the event of any controversy or claim arising out of or relating to this Agreement or the breach or alleged breach hereof, each of the parties hereto irrevocably (i) submits to the exclusive jurisdiction of the Bankruptcy Court, (ii) waives any objection which it may have at any time to the laying of venue of any action or proceeding brought in the Bankruptcy Court, and (iii) waives any claim that such action or proceeding has been brought in an inconvenient forum.

10.7. Gender and Number. In this Agreement, words importing the singular include the plural and vice versa and words importing a specific gender include all genders.

10.8. Headings. The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

10.9. Construction. In this Agreement (i) words denoting the singular include the plural and vice versa, (ii) "it" or "its" or words denoting any gender include all genders, (iii) the word "including" shall mean "including without limitation," whether or not expressed, (iv) any reference to a statute shall mean the statute and any regulations thereunder in force as of the date of this Agreement or the Closing Date, as applicable, unless otherwise expressly provided, (v) any reference herein to a Section, Exhibit or Schedule refers to a Section of, or Exhibit or Schedule to, this Agreement, unless otherwise stated, and (vi) when calculating the period of time within or following which any act is to be done or steps taken, the date which is the reference day in calculating such period shall be excluded and if the last day of such period is not a Business Day, then the period shall end on the next day which is a Business Day.

10.10. Severability. If any one or more of the provisions contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by Law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other

such instrument.

10.11. Attorneys' Fees; Brokers' Fees; Expenses. Each party shall be responsible for the payment of its own attorneys', brokers' and other fees and expenses in connection with the Transactions.

10.12. Negotiated Agreement. Each of Seller and Purchaser acknowledges that it has been advised and represented by counsel in the negotiation, execution and delivery of this Agreement and accordingly agrees that, if an ambiguity exists with respect to any provision of this Agreement, such provision shall not be construed against any party because such party or its representatives drafted such provision.

10.13. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent designated for overnight delivery by nationally recognized overnight air courier (such as Federal Express), one Business Day after delivery to such courier; and (c) if otherwise actually personally delivered, when delivered, provided that such notices, requests, demands and other communications are delivered to the address set forth above, or to such other address as any party shall provide by like notice to the other parties to this Agreement. Any party hereto may change its address for service from time to time by notice given to other parties hereto in accordance with the foregoing.


10.14. Counterparts; Facsimile Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signed facsimile copies of this Agreement shall legally bind the parties to the same extent as original documents.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Asset Purchase Agreement as of the date first above written.

SELLER:

C. WONDER LLC

By: 
Name: Stephen Marotta
Title: Chief Restructuring Officer

PURCHASER:

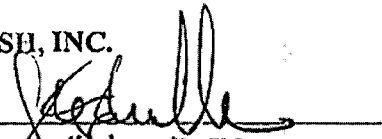
APOPOSH, INC.
By: 
Name: Stephen Marsan
Title: CEO

EXHIBIT B

Interested Parties: To participate in the bidding process, each interested person or entity (each an “**Interested Party**”) must deliver the following to A&G Realty so as to be received by no later than 5:00 p.m. (Eastern Time) on March 9, 2015: (A) an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors and Committee; (B) a written statement that the Interested Party has a bona fide interest in purchasing the Lease; and (C) sufficient information, as defined by the Debtors in consultation with the Committee, to allow the Debtors to determine that the Interested Party has the financial wherewithal and any required internal corporate, legal or other authorizations to close the sale transaction.

If the Debtors determine, after receipt of the items identified above and consultation with the Committee, that an Interested Party has a *bona fide* interest in the Lease, no later than two (2) business days after the Debtors make that determination and have received all of the materials required above, such Interested Party will be deemed a “**Potential Bidder**” and the Debtors will deliver to such Potential Bidder an electronic copy of the Agreement. The Debtors reserve, upon consultation with the Committee, the right to determine whether an Interested Party has satisfied the above participation requirements such that it is eligible to be a Potential Bidder.

b. Qualified Bids: Each offer, solicitation or proposal by a Potential Bidder must satisfy each of the following conditions to be deemed a “**Qualified Bid**,” and for the Potential Bidder to be deemed a “**Qualified Bidder**.”

i. Bid Deadline: A Potential Bidder who desires to be a Qualified Bidder must deliver the Required Bid Documents (as defined below) so as to be received not later than 5:00 p.m. (Eastern Time) on March 9, 2015 (the “**Bid Deadline**”) to A&G Realty, with copies to Cole Schotz P.C., 25 Main Street, Hackensack, New Jersey 07601 (Attn: Warren A. Usatine, Esq. and Felice R. Yudkin, Esq.) and proposed counsel to the Committee, Porzio, Bromberg & Newman PC, 100 Southgate Parkway, P.O. Box 1997, Morristown, New Jersey 07962 (Attn: John S. Mairo, Esq.). The Debtors may extend the Bid Deadline with the written consent of the Stalking Horse Purchaser upon consultation with the Committee. If the Debtors extend the Bid Deadline, the Debtors will promptly notify all potential bidders who have signed a confidentiality agreement of such extension.

ii. Bid Requirements: All bids must include the following (the “**Required Bid Documents**”):

a. Irrevocable Bid. A letter stating that the bidder’s offer is irrevocable until consummation of a transaction involving any other bidder for the Lease;

b. Agreement. A duly authorized and executed asset purchase agreement, including the purchase price for the Lease, marked to show those amendments and modifications to the Agreement; and

c. Financing. Written evidence of a firm commitment for financing, or other evidence of ability to consummate the proposed transaction without financing, that is satisfactory to the Debtors upon consultation with the Committee.

iii. In addition, a bid will be considered *only* if the bid:

a. provides for consideration that is higher or better than the consideration provided for by the Agreement by \$250,000, taking into account the Break-Up Fee;

b. is not conditioned on obtaining financing or on the outcome of unperformed due diligence or corporate, stockholder or internal approval;

c. provides evidence satisfactory to the Debtors, in consultation with the Committee, of the bidder’s financial wherewithal and operational ability to consummate the transaction as well as adequate assurance of future performance under the Lease;

d. is irrevocable until the Debtors have chosen the Successful Bid (as defined below) and the Alternate Bid (as defined below);

e. is accompanied by a wire transfer to an escrow agent selected by the Debtors (the “**Escrow Agent**”) equal to 10% of the Qualified Bid;

f. sets forth the representatives who are authorized to appear and act on behalf of the contemplated transactions;

g. indicates that the bidder (other than the Stalking Horse Purchaser) will not seek any transaction or

breakup fee, expense reimbursement or similar type of payment; and

h. is received on or before the Bid Deadline.

c. Bidding Increments. Bidding increments at the Auction shall be in the amount of \$50,000.

d. Break-Up Fee: Recognizing the Stalking Horse Purchaser's expenditure of time, energy, and resources, and the benefit that these efforts provided to all Interested Parties, the Debtors have agreed that if the Stalking Horse Purchaser is not the Successful Bidder, the Debtors will pay to the Stalking Horse Purchaser a Break-Up Fee. The Break-Up Fee is in an amount equal to \$50,000.

e. Auction: The Stalking Horse Purchaser is deemed a Qualified Bidder and its bid is deemed a Qualified Bid. In the event that the Debtors timely receive more than one Qualified Bid, the Debtors shall conduct an auction (the "**Auction**") of the Lease. The Auction shall be in accordance with these Bidding Procedures and upon notice to all Qualified Bidders who have submitted Qualified Bids. The Auction will be conducted at the offices of Cole Schotz P.C., 25 Main Street, Hackensack, New Jersey 07601 on March 12, 2015 at 10:00 a.m.

Only representatives or agents of the Debtors, the Stalking Horse Purchaser, the Committee, and any Qualified Bidder that has submitted a Qualified Bid (and the legal and financial advisors to each of the foregoing), will be entitled to attend the Auction, and only the Stalking Horse Purchaser and Qualified Bidders will be entitled to make any subsequent bids at the Auction. Creditors of the Debtors may attend the Auction if they send written notice by email to the Debtors' counsel (fyudkin@coleschotz.com) of their intention to attend the Auction on or before the Bid Deadline and in such notice identify the representatives who will attend on behalf of the creditor; provided, however, that the Debtors may limit the number of attendees per creditor to a reasonable number.

At least two business days prior to the Auction, the Debtors will provide copies of the Qualified Bid which the Debtors believe is the highest or otherwise best offer (the "**Starting Bid**") to all Qualified Bidders which have informed the Debtors of their intent to participate in the Auction and, if requested, a list containing the identification of all Qualified Bidders.

The Debtors, in consultation with the Committee, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (*e.g.*, the amount of time allotted to make Subsequent Bids (as defined below)) for conducting the Auction, provided that such rules are (i) not inconsistent with the Bidding Procedures Order, the Bankruptcy Code, or any Order of the Bankruptcy Court entered in connection herewith and (ii) disclosed to each Qualified Bidder; and provided further that all bids shall be made openly, in the presence of all parties at the Auction.

f. Selection of Successful Bid: Prior to the conclusion of the Auction, the Debtors, in consultation with the Committee, will: (A) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale transaction; (B) identify the highest or otherwise best offer (the “**Successful Bid**”); (C) determine which Qualified Bid is the Successful Bid and which is the next highest or otherwise best offer (the “**Alternate Bid**”) for the Lease; and (D) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of the successful bidder (the “**Successful Bidder**”), the amount and other material terms of the Successful Bid and the identity of the party or parties that submitted the Alternate Bid (the “**Alternate Bidder**”). Within one business day of the completion of the Auction, the Successful Bidder and the Debtors shall complete and execute all agreements, instruments or other documents necessary to consummate the applicable sale or otherwise contemplated by the applicable Successful Bid.

g. Alternate Bidder: If for any reason, the entity that submits the highest or otherwise best Qualified Bid fails to consummate the purchase of the Lease, the Debtors and the Alternate Bidder are authorized to effect the sale of the Lease to such Alternate Bidder as soon as is commercially reasonable. If such failure to consummate the purchase is the result of a breach by the Successful Bidder, the Debtors reserve the right to seek all available remedies from the defaulting Successful Bidder subject to the terms of the applicable purchase agreement.

h. Return of Deposits. All deposits shall be returned to each bidder not selected by the Debtors as the Successful Bidder no later than five (5) business days following the conclusion of the Auction.