

**AMENDMENT, MODIFICATION  
AND EXTENSION OF LEASE**

**MODIFICATION OF LEASE** made as of the 18<sup>th</sup> day of January, 2008, by and between Galo Shoes, Inc., a New York corporation, having an address at 825 Lexington Avenue, New York, New York 10021 (the "**Landlord**") or the "**Owner**") and AZ3 INC. d/b/a B.C.B.G., a California corporation, having an office at 770 Madison Avenue, New York, New York 10021 (the "**Tenant**") now known as BCBG MAX AZRIA GROUP, INC.

**PREAMBLE**

**WHEREAS** by Agreement of Lease dated as of January 1, 1998 (the "Lease"), Landlord leased to Tenant, and Tenant hired from Landlord, the building known as and located at 770 Madison Avenue, New York, New York (the "**Building**"), upon all of the terms, covenants, conditions and provisions more particularly contained in the Lease; and

**WHEREAS** the Owner and Tenant now desire to further amend and modify the Lease on the terms, covenants, conditions and provisions hereinafter provided.

**NOW, THEREFORE**, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby mutually acknowledged, Landlord and Tenant hereby agree as follows:

**TERMS**

1. **MODIFICATION OF THE LEASE:**

Effective from and after January 1, 2008 (the "**Effective Date**") and any other contrary Article of the Lease notwithstanding:

(a) The lease is hereby extended so that the term of the Lease, shall expire on December 31, 2017.

2. **DEMISED PREMISES:**

Paragraph 37 of the Rider is deleted in full and in its place the "Demises Premises" shall mean the building known as 770 Madison Avenue, New York, New York containing all floors and as presently occupied by Tenant.

3. **FIXED RENT:**

Paragraph 38 of the Rider is deleted in full and in its place and stead the fixed rent shall be as follows:

(a) The annual fixed rental payable by Tenant pursuant to the Lease, for the new term shall be changed as follows:

<b><u>Period</u></b>	<b><u>Annual Rent</u></b>	<b><u>Monthly Rent</u></b>
1/1/08 - 12/31/08	\$1,400,000.	116,666.67
1/1/09 - 12/31/09	1,442,000.	120,166.67
1/1/10 - 12/31/10	1,485,260.	123,771.67
1/1/11 - 12/31/11	1,529,818.	127,484.83
1/1/12 - 12/31/12	1,575,713.	131,309.41
1/1/13 - 12/31/13	1,622,984.	135,248.66
1/1/14 - 12/31/14	1,671,674.	139,306.16
1/1/15 - 12/31/15	1,721,824.	143,485.33
1/1/16 - 12/31/16	1,773,478.	147,790.00
1/1/17 - 12/31/17	1,826,682.	152,223.50

4. **REAL ESTATE TAXES:**

- (i) "**Base Tax**" shall mean the Taxes, as finally determined, for the Base Tax Year.
- (ii) "**Base Tax Year**" shall mean the fiscal year July 1, 2006 to June 30, 2007, inclusive.
- (iii) "**Tax Year**" shall mean successive New York City real estate fiscal year commencing on July 1<sup>st</sup> and expiring on June 30<sup>th</sup>. If the present use of July 1 to June 30 real estate tax year shall change, then such changed tax year shall be used with appropriate adjustment for the transition.
- (iv) "**Tenant's Percentage**" shall mean for purposes of this Lease and all calculations in connection therewith an amount equal to One Hundred (100%) percent of all increases.
- (v) Effective with the period commencing July 1, 2008 the annual rental rate shall be increased for each Tax Year during the term of this Lease by Tenant's Percentage of the amount by which the Taxes in each such Tax Year exceed the Base Tax. Owner shall advise Tenant, by a written statement prepared by Owner's accountant or by Owner or its agent, of any change in Taxes and the effective date thereof (the "**Tax Statement**"). The Tax Statement shall show Tenant's new annual rental rate caused by each change (the monthly installments shall be one twelfth (1/12th) thereof, and the manner in which the adjustment is computed, including any

adjustments in real estate tax assessments affecting the taxes for any Tax Year. Said one-twelfth (1/12th) of such increase shall be due and payable with monthly installments of fixed rent.

- (vi) The Tax Statements furnished to Tenant shall constitute a final determination as between Owner and Tenant of the Taxes for the periods represented thereby, unless (i) the Taxes for any such period are subsequently reduced by tax certiorari proceedings or otherwise, or (ii) Tenant, within twenty (20) days after they are furnished, shall give a notice to Owner that it disputes the accuracy or appropriateness of any of same, which notice shall specify the particular respects in which the disputed Tax Statement is inaccurate or inappropriate. Pending the resolution of such dispute, Tenant shall pay Tenant's percentage of the Taxes to Owner in accordance with the tax Statements furnished by Owner. Tenant shall have the right to receive a copy of any tax bill or statement from the applicable taxing authority upon which the disputed Tax Statement is based within twenty (20) days after demand therefor.

5. **SECURITY:**

- (a) Modifying paragraphs 31, 69 and 75 of the Rider annexed to the Lease Security of two (2) months shall be deposited with the landlord as follows:
- (i) Cash security of \$116,666.67 of which landlord presently holds \$63,000.00 the balance of \$53,666.67 to be paid by tenant simultaneously with the execution of this agreement by Certified and/or Bank check.

- (ii) Letter of credit in the amount of \$116,666.67 to be delivered to landlord simultaneously with the execution of this agreement. It being understood that the total security represented by cash and letter of credit equals two (2) months rent of \$233,333.34.

6. **REPAIRS & MAINTENANCE:**

Modifying Paragraph 4 and as otherwise provided for in said lease Tenant is to keep in good order, condition and repair the "Demised Premises" and every part thereof including without limiting the generality of the foregoing, all plumbing, heating, air-conditioning, ventilation, electrical and lighting facilities, equipment including the elevator within the Demised Premises, fixtures, interior walls and interior surface of exterior walls, ceilings, windows, doors, plate glass and skylight located within the premises.

7. **ADDITIONAL RENT**

It is understood and agree that any amounts (other than the Fixed Annual Rent provided for) that Tenant may be obligated to pay to Landlord hereunder shall be deemed to be "Additional Rent", and Landlord shall be entitled to exercise the same rights and remedies with respect to a default in the payment thereof that are available to Landlord for nonpayment of the Fixed Annual Rent reserved herein.

8. **NO BROKER:**

Tenant covenants, warrants and represents to Landlord that no conversations or negotiations were had with any broker or finder concerning this Modification of Lease. Tenant agrees to defend, save and hold Landlord harmless from and against any claims for a brokerage commission, finder's fee or similar compensation

and against any liability (including reasonable attorney's fees and disbursements in connection with defending any action or proceeding and also in connection with enforcing this indemnification provision against Tenant) arising out of any conversations or negotiations had by Tenant with any broker or finder concerning this Modification of Lease.

9. **UTILITIES**

Supplementing Paragraph 45 of the Rider Landlord is presently billed for utility service, gas & electric. Tenant agrees commencing upon the signing of this Agreement to arrange for direct billing to tenant and be responsible for payment.

10. **ALTERATIONS**

Any construction, renovation, alteration, etc. to be performed by the Tenant shall be approved in writing in advance by the Landlord, which approval will not be unreasonably withheld, which consent shall not be required with painting and decorations or to such changes with an aggregate cost below \$50,000.00, so long as such changes do not affect the structure of the building.

Plans shall be submitted to Landlord at least 30 days before commencement of any work. For any alteration, construction or renovation, Tenant shall first submit plans to the Landlord for approval and Tenant shall obtain necessary permits and/or zoning approval from the New York City Building Department or other City agencies with jurisdiction; all construction, alteration or renovation shall comply with City Code and that before occupancy Tenant shall secure certificates of occupancy from the City of New York. Tenant's work may be performed only by contractors approved by Landlord. Landlord's approval of Tenant's contractors shall not be

unreasonably withheld. Tenant shall provide a set of "as built" plans within sixty (60) days after substantial completion of work. If any portion of the work involves building systems or structure of the building, that work shall be performed by Landlord's designated contractors at Tenant's sole cost and expense. Tenant shall reimburse Landlord for all expenses incurred by Landlord in reviewing and approving Tenant's plans.

11. **TENANT'S WORK**

A. Tenant covenants and agrees that it shall cure and remove all violations issued against the Demised Premises including, but not limited to, the violations of record annexed hereto as Exhibit "A" and Tenant further covenants and agrees that it shall make improvements to the Demised Premises as set forth and described on Tenant's work letter annexed hereto as Exhibit "B" and that all material, work, labor, fixtures and installations required by this Lease with respect to, or as consented to by Landlord with respect to the Demised Premises and the work to be performed by tenant and the removal of any and all violations issued against the Demised Premises, including but not limited to, the violations of record annexed hereto as Exhibit "A" and the operation of Tenant's business thereat (collectively "Tenant's Work") shall be completed on or before June 30, 2009 at Tenant's sole cost and expense. All such work, removal of violations and installations shall comply with all rules and regulations of all governmental authorities having jurisdiction therein, and Tenant shall, at its sole cost and expense promptly procure all necessary and required permits, approvals and licenses in connection with Tenant's Work and the operation of Tenant's business

In addition, Tenant shall provide Landlord with copies of all paid invoices and receipts relating to Tenant's Work at the Demised Premises.

B. Plans and specifications for the interior of the demised Premises and Tenant's installations therein, and for the passageway, store front and facade, if applicable (collectively, "Tenant's Plans") shall be prepared promptly by tenant, at Tenant's sole cost and expense, and all Tenant's Plans and Tenant's Work shall be subject to the written approval by the Landlord. No less than sixty (60) days prior to commencement of Tenant's work Tenant shall submit Tenant's Plans to Landlord for such approval. Landlord's approval of Tenant's Plan shall not be deemed a representation of warranty of any kind that Tenant's Plans satisfy the requirements or standards of any governmental authority having jurisdiction thereover.

C. Tenant acknowledges that it shall not be permitted to commence Tenant's Work unless and until the employees, agents or contractors who are to perform Tenant's Work ("Tenant's Contractor") shall have complied with Landlord's insurance requirements, as set forth in Section D of this Article. Tenant agrees that, within twenty (20) days following Landlord's advice to Tenant that Tenant's Plans have been approved by Landlord, Tenant shall (i) comply with said insurance requirements, and (ii) commence performing Tenant's Work, which shall be diligently pursued to completion.

D. As a precondition to tenant being permitted to perform any Tenant's Work, and throughout the entire period which Tenant's Work is being performed,



it shall be the obligation of Tenant to require Tenant's Contractor to carry and maintain, at no expense to Landlord:

(a) Commercial general liability insurance, including, but not limited to, contractor's liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protective liability coverage, to afford protection with limits, for each occurrence of not less than \$1,000,000.00 with respect to personal injury or death or any one person, and \$1,000,000.00 in respect of personal injury or death to two (2) or more persons, and \$1,000,000.00 with respect to property damage; and

(b) Worker's compensation or similar insurance in form and amounts required by law; and all policies or insurance required under this Lease shall name Landlord as an additional insured, and the policies and certificates thereof shall be delivered to Landlord prior to the commencement of Tenant's Work.

E. Upon completion of Tenant's Work and any alterations, installations, additions or improvements which Tenant shall make pursuant to the terms of the Lease, Tenant shall procure, at Tenant's sole cost and expense, such governmental approvals of the completed work, if any, as may be required by any laws, ordinances, governmental rules or regulations, and deliver originals or photostatic copies thereof to Landlord.

F. Except with respect to the time periods set forth in Sections B and C of this Article, all of the remaining provisions of Sections A through E of this Article shall also apply to any and all alterations, installations, additions or improvements

which Tenant is permitted to make in or to the demised Premises pursuant to the terms of this Lease.

G. All costs and expenses (including, but not limited to, professional's and attorney's fees) incurred by Landlord in connection with any of Tenant's Works, including, but not limited to fees incurred to have Tenant's Plans reviewed and to have Tenant's Work supervised and inspected, shall be chargeable by Landlord to Tenant as Additional Rent and shall be due and payable by tenant upon demand by Landlord.

H. Tenant further agrees and acknowledges that any violation or breach of this Article that is not cured within five (5) business days of giving said Notice shall be deemed to be a material and substantial violation and breach of this Article 11 and this Lease. Any notice, demand or other communication required or permitted to be given hereunder shall be in writing addressed to the respective party as set forth below and shall be sent by facsimile to compatible equipment and sent by overnight courier or certified mail, return receipt requested, and shall be deemed given (provided that such facsimile transmission is confirmed by telephone or a statement generated by the transmitting machine, and further provided that a copy of the notice, demand or other communication is also sent by overnight courier) upon completion of transmission, or if transmission is completed after 5:00 P.M. Eastern Time or on a day other than a business day, on the next succeeding business day; and if by overnight courier, on receipt or refusal by an addressee.

**Notice to Landlord:**

Galo Shoes, Inc.  
825 Lexington Avenue  
New York, N.Y. 10065  
Facsimile : 212-980-1319

**With a copy to:**

Karekin Arzoomanian, Esq.  
50 East 42<sup>nd</sup> Street (Suite 1301)  
New York, N.Y. 10017  
Facsimile: 212-770-44732

**Notice to Tenant:**

BCBG MAX AZRIA GROUP, INC.  
770 Madison Avenue  
New York, N.Y. 10065

**With a copy to:**

BCBG MAX AZRIA GROUP, INC..  
2761 Fruitland Avenue  
Vernon, Ca. 90058  
Attn: Maryn Miller, Esq.  
Facsimile: 323-277-5463

12. **OFAC CERTIFICATION AND INDEMNIFICATION:**

OFAC Certification and Indemnification: (A) Tenant represents, warrants and certifies to and for the benefit of Landlord that Tenant is not now and has never been nor shall it be at any time prior to the mutual execution and delivery of the Lease an individual, corporation, partnership, limited partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any form of entity (collectively, a "Person") with whom a United States citizen, entity organized under the laws of the United States or its territories or entity having its principal place business within the United States or any of its territories (collectively, a "U.S. Person"), is prohibited from transacting business of the type contemplated by the Lease, whether such prohibition arises under United States law, regulation, executive orders and lists

published by the Office of Foreign Assets Control, Department of the Treasury ("OFAC") (including those executive orders and lists published by OFAC with respect to Persons that have designated by executive order or by the sanction regulations of OFAC as Persons with whom U.S. Persons may not transact business or must limit their interactions to types approved by OFAC ("Specially Nationals and Blocked Persons") or otherwise. Neither Tenant nor any Person who owns an interest in Tenant (collectively, a "Tenant Party") is not or has ever been, nor shall be at any time prior to the mutual execution and delivery of the Lease, a Person with whom a U.S. Person, including a "financial institution" as defined in 31 U.S.C. 5312 (a)(z), as periodically amended ("Financial Institution"), is prohibited from transacting business of the type contemplated by the Lease, whether such prohibition arises under United States law, regulation, executive orders and lists published by the OFAC (including those executive orders and lists published by OFAC with respect to Specially Designated Nationals and Blocked Persons) or otherwise.

(B) Tenant represents, warrants and certifies to and for the benefit of Landlord that it has taken, and shall continue to take until the expiration or any earlier termination of the term of the Lease, such measures as are required by applicable law to assure that the funds used to pay Tenant Base Rent, additional rent and any other charges due hereunder are derived: (i) from transactions that do not violate United States Law nor, to the extent such funds originate outside the United States, do not violate the laws of the jurisdiction in which they originated; and (ii) from permissible sources under United States law and, to the extent such

funds originate outside the United States, under the laws of the jurisdiction in which they originated.

(C) Tenant represents, warrants and certifies to and for the benefit of Landlord that neither Tenant nor any Tenant Party or any Person providing funds to Tenant: (I) is under investigation by any governmental authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities, any crimes which in the United States would be predicate crimes to money laundering, or any violation of any Anti-Money Laundering Law (as hereinafter defined); (ii) has been assessed civil or criminal penalties under any Anti-Money Laundering Laws; or (iii) has had any of its funds seized or forfeited in any action under any Anti- Money Laundering Laws. For purposes of subclause (I) of the previous sentence, the term "Anti-Money Laundering Laws" shall mean all applicable laws, regulations and sanctions, state and federal, criminal and civil, that: (w) limited the use of and/or seek the forfeiture or proceeds from illegal transactions; (x) limit commercial transactions with designated countries or individuals believed to be terrorists, narcotics dealers or otherwise engaged in activities contrary to the interests of the United States; (y) require identification and documentation of the parties with whom a Financial Institution conducts business; or (z) are designed to disrupt the flow of funds to terrorist organizations. Such laws, regulations and sanctions shall be deemed to include, without limitation, the USA PATRIOT Act of 2001, Pub. L. No. 107-56 (the "Patriot Act"), the Bank Secrecy Act of 1970, as amended, 31 U.S.C. Section 5311 et. seq., the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et. sec., the International Emergency

Economic Powers Act, 50 U.S.C. Section 1701 et. seq., and the sanction regulations promulgated pursuant thereto by the OFAC, as well as laws relating to prevention and detection of money laundering in 18 U.S.C. Section 1956 and 1957.

(D) Tenant represents, warrants and certifies to and for the benefit of Landlord that it is in compliance with any and all applicable provisions of the Patriot Act.

(E) For a period of two (2) years after the expiration or any earlier termination of the term of the Lease, Tenant agrees to cooperate with Landlord, and to cause each Tenant Party to cooperate with Landlord, in providing such additional information and documentation respecting Tenant's and each Tenant Party's legal or beneficial ownership, policies, procedures (to the extent required by applicable laws) and sources of funds as Landlord deems reasonably necessary or prudent to enable Landlord to comply with Anti-Money Laundering Laws now in existence or hereafter enacted or amended.

(F) Tenant hereby agrees to forever defend, indemnify and hold harmless Landlord from and against any and all claims, damages, costs, fines, penalties, losses risks, liabilities and expenses (including, without limitation, attorney's fees and costs) arising from or related to a breach of any of the foregoing representations, warranties, certifications and agreements.

13. **FINANCING OR REFINANCING**

(i) If, in connection with the obtaining of financing or refinancing of a mortgage encumbering the Building the holder of such present or future

mortgage shall request reasonable modifications to this Lease as a condition to such financing or refinancing, Tenant will not unreasonably withhold or delay its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder (except to the extent that Tenant may be required to give notices of any defaults by Landlord to such holder and/or permit the curing of such defaults by such holder together with the granting of such additional time for such curing as may be required for such hold to obtain possession of the Demised Premises), or materially adversely affect the leasehold interest hereby created. In no event shall a requirement that the consent of any such holder be given for any modification, termination or surrender of this Lease be deemed to materially adversely affect the leasehold interest hereby created.

- (ii) In consideration of Landlord permitting Tenant to remove and satisfy all violations in accordance with Paragraph 11(A) Tenant agrees to the following:
  - (A) That in the event of action by a City Agency having jurisdiction over said violations requires immediate cure of any violation prior to June 30, 2009 Tenant will immediately take steps to cure and satisfy said violation including the payment of any fines, and provide landlord with proof of dismissal.
  - (B) That in the event landlord seeks to refinance the premises and the lending institution of landlord requires either satisfaction of all said violations, or in lieu thereof requests an escrow to satisfy said violations, Tenant shall promptly comply either with a satisfaction of said violations and or deposit on behalf of landlord the amount of escrow required by the lending institution.

14. **ODORS**

Tenant shall not permit any unusual or obnoxious odors to emanate from the Demised Premises. Tenant will, within ten (10) days after written notice from Landlord, install at

its own cost and expense, reasonable control devices or procedures to eliminate such odors, if any. In the event such condition is not remedied within said ten-day period, Landlord may, at its sole discretion, either (i) cure such condition and thereafter add the cost and expense incurred by Landlord therefor to the next monthly rental to become due and Tenant shall pay said amount as Additional Rent; or (ii) treat such failure on the part of the Tenant to eliminate such obnoxious odors as a material default hereunder entitling Landlord to any of its remedies pursuant to the terms of this Lease. Landlord shall have the right to enter the Demised Premises at any time during business hours and on reasonable notice to inspect the same and ascertain whether they are clean and free of odors.

15. **MISCELLANEOUS:**

- (a) Except as otherwise provided herein, all of the terms, covenants, condition and provisions of the Lease dated as of January 1, 1998 shall remain and continue unmodified, in full force and effect and binding upon the parties hereto, their heirs, administrators, executors, respective legal representatives, successors and permitted assigns.
- (b) This Modification of Lease may not be changed, modified discharged, canceled or waived orally, or any manner other than by an agreement in writing signed by the parties hereto.
- (c) Unless the text of this Modification of Lease shall indicate otherwise, the defined terms used herein shall have the meanings ascribed to such terms in the Lease.
- (d) This Modification of Lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind Landlord in any way until (i) Tenant has duly executed and delivered to Landlord duplicate



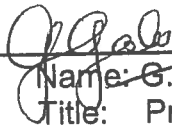
originals of this Modification of Lease and (ii) Landlord has executed and unconditionally delivered one of said originals to Tenant.

**IN WITNESS WHEREOF**, Landlord and Tenant have executed this Modification of Lease as of the day and year first above written.

**LANDLORD:**

**GALO SHOES, INC.**

By: \_\_\_\_\_

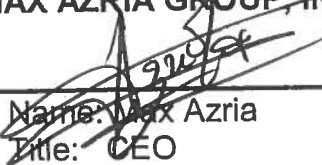


Name: G. Galo.  
Title: President

**TENANT:**

**BCBG MAX AZRIA GROUP, INC.**

By: \_\_\_\_\_




Name: Max Azria  
Title: CEO

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

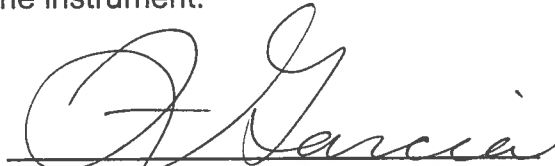
On the 27 day of ~~March~~ <sup>April</sup> 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared G. Galo, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

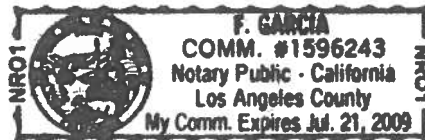
KAREKIN ARZOOMANIAN  
Notary Public, State of New York  
No. 02AR0102190  
Qualified in Westchester County  
Commission Expires October 31, 2009

  
\_\_\_\_\_  
Notary Public

STATE OF CALIFORNIA )  
 ) ss:  
COUNTY OF Los Angeles )

On the 9<sup>th</sup> day of ~~March~~ <sup>April</sup>, 2008, before me, the undersigned, a Notary Public in and for said State, personally appeared MAX AZRIA, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public



**Axhibit A**

## BCBGMAXAZRIAGROUP 770 Madison Ave. Violations Summary

Violation No.	Description	Cure
1 94/C469	On-going shop front alterations ("BCBG") without permits	Will be addressed during renovation; to be cured when new documents are filed proving cure
2 111 486LL10815502799	Time lapse in elevator inspection & failed to file the inspection report	Will be addressed during renovation; to be cured when new documents are filed proving cure
3 082 995LL629106210	Boiler Inspection	Will be addressed during renovation; to be cured when new documents are filed proving cure
4 34093585L	Construction activities were performed other than on weekdays between the hours of 7am and 6pm	Will be addressed during renovation; to be cured when new documents are filed proving cure
5 051 000C2STF02GN	Signage violation without permit	Will be addressed during renovation; to be cured when new documents are filed proving cure
6 721 82CBSR1	Fire escape obstruction	Will be addressed during renovation; to be cured when new documents are filed proving cure
7 Warring Letter- Docket No. WL02-0492	Painting Madison Ave. & E. 66th St. facades without permit(s)	Will be addressed during renovation; to be cured when new documents are filed proving cure
8 Warring Letter- Docket No. WL02-0539	Facade work & shop front installation in noncompliance with Certificate of No Effect 99-3202 (LPC 99-3305), issued December 22nd, 1998 and Miscellaneous/Amendment 00-5323 (LPC 00-4137), issued March 15, 2000	Will be addressed during renovation; to be cured when new documents are filed proving cure
9 68623	Sidewalk violation (vs. Block: 1380 Lot: 59)	Sidewalk violation from the time of construction that will be removed at next filing
13 VW 100792E1394B01	VIOLATION WORK WITHOUT PERMIT - ACTIVE AS OF 10/24/06	Elevator violation related to the construction. This will be cleared next time we file
14 V051000CZSTF02GN	DOB VIOLATION - ACTIVE AS OF 10/24/06	Same violation as item no. 5 listed above. Will be addressed during renovation; to be cured when new documents are filed proving cure
15 V032502LANDMK 02-0492	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations relating to the same Warning Letters listed above as items 7. & 8.. Will be rectified when we file new work
16 V042401LANDMK 02-0539	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations relating to the same Warning Letters listed above as items 7. & 8.. Will be rectified when we file new work

**BCBGMAXAZRIAGROUP**  
**770 Madison Ave.**  
 Violations Summary

Violation No.	Description	Cure
17 V 042794LANDMRKVIOL	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations relating to the same Warning Letters listed above as items 7. & 8.. Will be rectified when we file new work
18 V 042794LANDMK 94-0469	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations from 1994 and 1997. These should have been cleared with more recent filings. Will be cleared at new filing
19 V 042794LANDMK 94-0470	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations from 1994 and 1997. These should have been cleared with more recent filings. Will be cleared at new filing
20 V 022797LANDMK 97-0457	DOB VIOLATION - ACTIVE AS OF 10/24/06	Landmark Violations from 1994 and 1997. These should have been cleared with more recent filings. Will be cleared at new filing
21 V 072903EE9013/177687	DOB VIOLATION - ACTIVE AS OF 10/24/06	Elevator violation that will be cleared upon our payment of fine
22 V 72182CBJR1	DOB VIOLATION - ACTIVE AS OF 10/24/06	Will require further Investigation, will update ASAP
23 V 111486LL1081SS02799	DOB VIOLATION - ACTIVE AS OF 10/24/06	Will require further Investigation, will update ASAP
24 V 082995LL629106210	DOB VIOLATION - ACTIVE AS OF 10/24/06	Will require further Investigation, will update ASAP
25 VECB 041894CNERH01	ECB VIOLATION - ACTIVE AS OF 10/24/06	Will pay fine to clear violation
26 V040207LL108101269		Failure to pay Elevator Safety Test. Will pay fine and clear with next filing
27 94/0470	Installation of fixed awning on second floor without permits	Completed
28 V 101788E1147B/03	DOB VIOLATION DISMISSED	Completed
29 V 020489E1160B/1	DOB VIOLATION DISMISSED	Completed
30 V 020489E1160B/01	DOB VIOLATION DISMISSED	Completed

**BCBGMAXAZRIAGROUP**  
**770 Madison Ave.**  
 Violations Summary

Violation No.	Description	Cure
31	V 04/1178E4E1327 DOB VIOLATION DISMISSED 12/20/1993	Completed
32	V 091277EL1320E4 DOB VIOLATION DISMISSED	Completed
33	V 091277E1320E4 DOB VIOLATION DISMISSED 2/4/89	Completed
34	V 041178E4E1327 DOB VIOLATION DISMISSED 12/20/93	Completed
35	V 013184E144981 DOB VIOLATION DISMISSED 2/4/89	Completed
36	V 091685E144784 DOB VIOLATION DISMISSED 10/7/86	Completed
37	V 100187LL16NRF02245 DOB VIOLATION DISMISSED 10/17/88	Completed
38	VP 071693E1394B01 VIOLATION UNSERVED ECB-DISMISSED	Completed
39	VEC 100893E1372B1 ECB VIOLATION DISMISSED	Completed
40	VEC 012400E5Y1179A04 ECB VIOLATION DISMISSED	Completed
41	VEC 022404E825A1 ECB VIOLATION DISMISSED	Completed



**ENVIRONMENTAL CONTROL BOARD**

P.O. BOX 23  
Peck Slip Station  
New York, NY 10272  
212-361-1400

RESH 381-785-71Z X  
DATE MAILED: 02/14/08



Galo Shoes Inc  
825 Lexington Ave  
New York NY 10065-7401

3

RESPONDENT: ECHG  
PREMISES: 770 MADISON AVENUE  
NY NY 10065  
ISSUING AGENCY: DEPT. OF BUILDING

VIOLATION NUMBER(S):  
381-785-71Z

\*\*\*\*\*  
\* NEW HEARING DATE: 02/21/08 \*  
\* TIME: 10:30 A.M. \*  
\* LOCATION: 66 JOHN STREET \*  
\* FLOOR: 10 \*  
\* MANHATTAN NY 10038 \*  
\*\*\*\*\*

JR REQUEST FOR STAY OF DEFAULT ORDER HAS BEEN GRANTED.

YOU ARE DIRECTED TO APPEAR FOR A HEARING AT THE DATE, TIME AND LOCATION SHOWN ABOVE TO ANSWER THE NOTICE(S) OF VIOLATION SPECIFIED.

IF YOU, YOUR AUTHORIZED REPRESENTATIVE OR ATTORNEY FAIL TO APPEAR, YOU WILL AGAIN BE HELD IN DEFAULT AND SUBJECT TO MAXIMUM PENALTIES.

THIS HEARING DATE IS FINAL. RESCHEDULES ARE NOT PERMITTED.

7E-RESCH - STAY  
INTERNAL AGCY OWNER

EDDIE EDWARDS  
SUPERVISOR OF SCHEDULING



ENVIRONMENTAL CONTROL BOARD

P.O. BOX 2307
Peck Slip Station
New York, NY 10272
212-361-1400

DUN2 381-785-71Z X
DATE MAILED: 02/12/08

Galo Shoes Inc
825 Lexington Ave
New York NY 10065-7401

RESPONDENT: BEBG
PREMISES: 770 MADISON AVENUE
NY NY 10065
ISSUING AGENCY: DEPT. OF BUILDING

VIOLATION NUMBER: 381-785-71Z

IMPOSED AMOUNT: \$2,500.00
AMOUNT PAID TO DATE: \$180.00

PAY THIS AMOUNT: \$2,320.00

CIVIL PENALTY IMPOSED FOR THE
VIOLATION INDICATED IS NOW DUE.
PAYMENT MUST BE MADE PROMPTLY BY CHECK
OR MONEY ORDER PAYABLE TO "FINANCE
COMMISSIONER, CITY OF NEW YORK".
THE PAYMENT TO THE ADDRESS
LISTED ABOVE OR YOU MAY MAKE
PAYMENT AT THE ECB OFFICE AT 66
WEST STREET 10TH FL, NEW YORK N.Y. 10038.

PLEASE WRITE THE VIOLATION NUMBER ON
YOUR CHECK OR MONEY ORDER SO YOUR
PAYMENT MAY BE CREDITED PROPERLY. A
RETURN ENVELOPE HAS BEEN PROVIDED
FOR YOUR CONVENIENCE.

Anabel Cruz

- IF YOU DO NOT PAY:
\* YOUR ACCOUNT MAY BE REFERRED TO A
COLLECTION ATTORNEY:
\* JUDGMENT MAY BE DOCKETED AGAINST YOU IN
THE CIVIL COURT OF THE CITY OF NEW YORK
AND IN THE OFFICE OF THE COUNTY CLERK,
SUPREME COURT, NEW YORK COUNTY, STATE OF
NEW YORK;
\* LEGAL ACTION MAY BE INSTITUTED AGAINST
YOU BY ALL LEGAL MEANS ACCORDING TO THE
LAWS OF THE STATE WHERE YOU LIVE;
\* YOUR ASSETS MAY BE SEIZED OR ATTACHED IF
FOUND IN NEW YORK STATE.

YOU MAY WISH TO CONSULT AN ATTORNEY ABOUT
THIS MATTER.

DUN 2 ANABEL CRUZ
ACCOUNTING SUPERVISOR
FISCAL AGCY OWNER



**Axhibit B**

Work letter for BCBG Max Azria located at 770 Madison Ave.

Facade

- Modify the entry, design and materials of the store front (preliminary sketches have unofficially been passed through to the city and were acceptable)
- Repaint the building
- Refinish side walk as required

General

- Upgrade and/or replace elevator to withstand a larger capacity
- Open up stair case to sales area on all levels
- Update and replace as required visual / merchandising elements
- Electrical and mechanical systems to be updated as required

Basement

- Mold and water penetration issues to be cured when we convert a portion of the space to sales
- New stair to basement

Ground / 2nd / 3rd / 4th floors

- New finishes/materials, lighting and fixtures/furniture

5th floor

- Convert sales to stock

The above reflects our architect's preliminary recommendations. Further ideas are being studied and will be forwarded to landlord once final decision relative to these ideas has been made.

April 22, 2008