

**NOTICE OF DEFAULT UNDER LEASE DATED SEPTEMBER 28, 2012**

**TO: Water Dragon New York, LLC (“Tenant”)  
34 Cherry Street  
Valley Street, NY 11581**

**PREMISES: 336 East 56<sup>th</sup> Street  
Street Level Store, and Basement  
New York, NY 10022**

**Re: Lease dated September 28, 2012, between 336 East 56<sup>th</sup> Realty LLC as Owner, and  
Water Dragon New York, LLC as Tenant, herein referred to as the “Lease”.**

**TO THE ABOVE NAMED TENANT, PLEASE TAKE NOTICE:**

You have violated the above Lease, in particular paragraphs 6, 35, and Rule 1. Paragraph 6 provides that:

“At Tenant’s sole cost and expense, shall promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of the New York Board of Fire Underwriters or the Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, and with respect to the portion of the sidewalk adjacent to the demised premises, if the demised premises are on the street level, whether or not arising out of Tenant’s use or manner of use thereof, or with respect to the building if arising out of Tenant’s use or manner of use of the premises of the or the building.”

Paragraph 6 also provides:

“Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner. Tenant shall pay all costs, expenses, fines, penalties or damages, which may be imposed upon Owner by reason of Tenant’s failure to comply with the provisions of this article.”

Paragraph 35 of the Lease provides as follows:

“Tenant and Tenant’s servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with the Rules and Regulations and such other and further reasonable Rules and Regulations as Owner or Owner’s agents may from time to time adopt.”

Rule No. 1 attached to the Lease and made a part thereof provides:

“The sidewalks, entrances, driveways, passages, courts, elevators, vestibules, stairways corridor or halls shall not be obstructed or encumbered by any Tenant or used for any purposes other than ingress or egress from the demises premises...”

You are violating the above provisions by keeping various items, including, without limitation, a three-wheel bike, a second bicycle, boxes, various other loose items in the fire hall adjacent to your premises. These items block the hall and interfere with ingress and egress and the proper use of the fire hall and are a violation of law. You were asked by the Owner to remove these items, and you initially advised that you would do so. You were later given a notice from the Owner reiterating the request, and which notice you ripped into pieces. These items are not on your premises and accordingly violate Rule No. 1. These items block a fire entrance and accordingly violate Paragraph 6 of the Lease.

Paragraph 17 of the Lease provides:

“Upon the expiration of fifteen (15) days, if you have failed to comply with or remedy the default, or if the default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said fifteen (15) day period, and if Tenant shall not have diligently commenced curing such default within such fifteen (15) day period, and shall not thereafter with reasonable diligence and in good faith proceed to remedy or cure such default, then Owner may serve a written five (5) days notice of cancellation of this lease upon Tenant, and upon the expiration of said five (5) days, this lease and the term thereunder shall end and expire fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and the expiration of this lease and the term thereof and Tenant shall then quit and surrender the demised premises to Owner, but Tenant shall remain liable as hereinafter provided.”

You are hereby given fifteen (15) days notice under the above paragraph. If you fail to properly to cure this default, a notice of cancellation will be served upon you cancelling the Lease upon the expiration of the cancellation notice, the Lease and terms under the Lease shall expire fully and completely as of the expiration of the cancellation notice or the day herein definitively fixed for the end of the expiration of the Lease and the term thereof, and you shall then quit and surrender the demised premise to the Owner but you shall remain liable as provided under the Lease.

Pursuant to paragraph 19 of the lease you are liable to the owner for all legal fees and expenses arising from the defaults alleged in this notice.

Pursuant to paragraph 27 of your lease and Rider Paragraph 52 this notice is sent to you by registered or certified mail. The time of the rendition of this notice is deemed to be the time when it is mailed to you.

This notice is without prejudice to any other claims of the Landlord.

Dated: New York, New York  
December 26, 2013



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**CHARLES HENRY PROPERTIES, LLC,**  
**Landlord**

By: Claude Simon

\* All inquiries and correspondence regarding this notice are to be address in writing to:

Vernon & Ginsburg LLP  
261 Madison Avenue,  
New York, NY 10016.  
Tel: (212) 949-7300  
Fax: 212-697-4432  
Email: dvernon@vgllp.com.