

**Exhibit "B"**

## PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (as amended, or modified from time to time, the “Agreement”) is made as of January 4, 2013, by Joseph and Donna Grasso, husband and wife (collectively, “Pledgors” and each a “Pledgor”) for the benefit of Christine C. Shubert, Chapter 11 Trustee (the “Trustee”) of the estate of Joseph Grasso, and her Professionals (as hereinafter defined, and together with the Trustee, the “Pledgees”).

### BACKGROUND

A. On February 6, 2012, Joseph Grasso (but not Donna Grasso) filed a voluntary petition for Chapter 11 relief in the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “Bankruptcy Court”).

B. Joseph Grasso, individually, or Pledgors as husband and wife, assert ownership interests in, and/or claims against, the following businesses: Chest-Pac Associates, LP; 111 South 15<sup>th</sup> Associates, LP; 15<sup>th</sup> & Sansom; Spring Ridge Associates, LP; JGDG Associates, LP; 730 East Elm Associates, LP; 635 East Elm Associates, LP; 735 Hector Street; Curtis Investors, LP; PLB Investors, LP; JGKM Associates, LP; Warminster Plaza Associates; WSC 717 Associates, LP; 722 Spring Street Associates; Grasso Family Partnership, LP; Avalon Breezes Development, LLC; QSPR Partners, LP; York & Swamp Associates, LP; Positive Dining Experience, Inc.; Coffee Shops International, LLC; and Union Trust Philadelphia, LLC; and the Trustee has been advised that one or both Pledgor(s) also own(s) an interest Spring Del Associates, LP and J. Grasso Properties, LLC (collectively, the “Businesses”)(Pledgors’ interests in and claims against the Businesses are being referred to collectively as the “Business Interests”).

C. On October 31, 2012, the Bankruptcy Court entered an order appointing the Trustee to carry out certain duties more fully described in 11 U.S.C. §§ 704 and 1106 and Fed. R. Bankr. P. 2015.3, including without limitation to investigate the acts, conduct, assets, liabilities, and financial condition of Joseph Grasso, file a plan, and object to the allowance of claims asserted against Joseph Grasso.

D. To assist the Trustee in the performance of her duties under 11 U.S.C. §§ 704

and 1106 and Fed. R. Bankr. P. 2015.3, the Trustee sought and obtained approval of the Bankruptcy Court to employ and retain Bederson & Company LLP as her accountants and White and Williams LLP as her attorneys. As Joseph Grasso's bankruptcy case progresses, the Trustee may have the need to retain additional professionals, such as appraisers and auctioneers, subject to Bankruptcy Court approval (together with Bederson & Company, LLP and White and Williams LLP, the "**Professionals**").

E. Pledgors will receive an economic benefit from the services to be performed by the Trustee and her Professionals.

F. As security for up to \$650,000.00 of the fees and expenses of the Pledgees and allowed by the Bankruptcy Court in connection with the fulfillment of the Trustee's duties, the scope of which duties shall in no way be limited by this Agreement (the "**Secured Obligations**"), the Pledgees have requested that Pledgors pledge and grant to Pledgees a lien upon and security interest in the Collateral (as defined below), and Pledgors have agreed to do so on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Pledge.** Pledgors hereby pledge, assign, transfer and grant to Pledgees a lien upon and security interest in all of the Business Interests, including with respect to each of the Businesses (a) general partnership, limited partnership, and membership interests together with all related rights of distribution, voting rights, and allocation of profits and losses, together with any and all other rights and benefit derived from the Businesses, including distributions, payments, dividends, advances or other remuneration arising from any of the Businesses or related thereto, whether discretionary, mandatory or otherwise, and whether arising from a sale, transfer, lease or other disposition or event regarding any of the Businesses or their property or assets and including the proceeds thereof; (b) all renewals, substitutions, replacements and proceeds of all of the foregoing; (c) all future earnings and interest on all of the foregoing; (d) any documents by or under which any deposit, transfer or withdrawal may be made; (e) all payments, funds, checks, certificates of deposit,

instruments and other evidences and means of payments relating to any of the foregoing; and (f) all proceeds of the foregoing (collectively, the "Collateral"). The Pledge hereby granted is subject only to any prior, validly existing and perfected liens, pledges and security interests in the Collateral previously perfected of record. Each of the Pledgors hereby irrevocably appoints Pledgees as their attorney-in-fact, which power is coupled with an interest, and hereby authorizes Pledgees, without further instruction, to replace or make substitutions for the Collateral, and to execute any necessary endorsements thereon in the name of Pledgor, Pledgees or other persons. Pledgees shall exercise the power of attorney set forth in this Paragraph 1 only upon the occurrence and during the continuance of an Event of Default.

2. Obligations Secured. This Agreement and the pledge and the security interest granted hereunder secures the timely payment and performance of all of the Secured Obligations. This pledge and security interest shall be effective immediately and shall continue until the payment in full of the Secured Obligations. Nothing in this Agreement or elsewhere is intended to limit or restrict the performance of the Pledgees' duties and responsibilities or the subject matter of the Pledgees' investigation, which may include without limitation the investigation and avoidance of transfers from or between Pledgors, challenges of the propriety of any tenancy-by-the-entireties exemption asserted in the bankruptcy case of Joseph Grasso, and/or other issues or actions as to which the interests of Pledgors and Pledgees are, or may prove, to be adverse including any litigation arising out of same.

3. Representations, Warranties and Covenants. Pledgors represent and warrant to Pledgees and agree as follows: (i) that, to their knowledge, they own the Business Interests for each of the businesses as set forth in Schedule 3 attached hereto, (ii) except for any restrictions resulting from the commencement or pendency of Joseph Grasso's Chapter 11 case, Pledgors have the requisite power and authority to execute, deliver and be legally bound by this Agreement on the terms and conditions herein stated and (iii) none of the Collateral is represented by any promissory note or other debt instrument (provided, however, if any of the Collateral shall at any time be represented by any such note or instrument, Pledgors agree to immediately indorse or cause to be indorsed

each such writing to Pledgees and to deliver possession of the endorsed original writing to Pledgees).

4. **Events of Default.** It shall be an “Event of Default” under this Agreement if:

- 4.1 either Pledgor breaches or fails to satisfy or perform any condition, covenant or other provision of this Agreement; *provided, however*, that if such breach or failure is or would be a default only under this Section 4.1 and no other provision of Section 4, then such breach or failure shall not be a default unless such breach or failure continues for thirty (30) days following written notice thereof from Trustee;
- 4.2 either Pledgor takes or purports to take any of the actions prohibited by Section 3; or
- 4.3 any certification, warranty or representation made herein or hereafter by either Pledgor to Pledgees should prove to be materially false when made.

5. **Rights to the Collateral.** Subject to the rights of any parties that have a prior perfected security interest in the Collateral, all proceeds of the Collateral up to \$650,000 will be transferred and delivered directly to the Trustee as soon as the same are available to satisfy the Secured Obligations. In the event the Secured Obligations are not paid in full on the earlier to occur of (a) the effective date of confirmation of a Plan of Reorganization for Joseph Grasso, (b) six months from the date of any Order approving all or a portion of the Secured Obligations, (c) three months from any conversion of Joseph Grasso’s Chapter 11 proceeding to a Chapter 7 proceeding or dismissal of the Chapter 11 proceeding of Joseph Grasso by the Bankruptcy Court, and (d) the occurring of a liquidity event with respect to any of the Businesses such that the Business Interests are entitled to or may otherwise receive and retain proceeds as a result of that liquidity event then, immediately after the earlier to occur of the foregoing (collectively and individually, a “Payment Occurrence”) Pledgees may, at any time and without notice (except when notice is expressly required herein), and without regard to the adequacy of the security for the Secured Obligations, in

person or by agent or representative with or without bringing any action or process, do any one or more of the following, in its their own names or the name of either or both Pledgors: (i) after 30 days notice to Pledgors, exercise their rights as Pledgees with respect to the Collateral, which rights expressly include that of the Pledgees to exercise any and all elements of Pledgors' managerial control over the Businesses or the Business Interests in order to cause a sale, transfer, lease, or other disposition of the Businesses or the assets of the Businesses reasonably designed to create liquidity so that funds are available to pay the Secured Obligations; (b) debit all or any portion of the Collateral and apply amounts debited, in their sole discretion, to the Secured Obligations in such order as Pledgees may determine, without thereby waiving or curing any Event of Default; (c) do any other acts which Pledgees deem proper to protect the Collateral and their interests under this Agreement until all of the Secured Obligations are satisfied in full; and (d) exercise any other right permitted by law. The exercise of any or all of the foregoing rights shall not cure, waive or affect any Event of Default or notice of default, or invalidate any act done pursuant to such notice. Pledgees shall in no event be required to use the Collateral or proceeds thereof to cure an Event of Default, and Pledgors waive any right they might have, now or in the future, to direct the application or non-application of any portion of the Collateral. Pledgors hereby grant to Pledgees an express right of set-off following an Event of Default for any amounts owned by Pledgors to Pledgees in connection with the Secured Obligations. Notwithstanding anything herein to the contrary, the proceeds of distributions made pursuant to the Pledgors interests in Curtis Investors, LP will be used, until a Payment Occurrence exists, first to pay budgeted operating expenses of the Businesses in an amount not to exceed \$30,000 per month and personal living expenses of Joseph Grasso not to exceed \$17,000 per month, or as otherwise approved by the Bankruptcy Court or the Trustee.

6. Regarding Rights and Remedies. The rights and remedies of Pledgees provided herein or otherwise available to Pledgees at law or in equity, shall be cumulative and concurrent, and may be pursued singly, successively and together at the sole discretion of Pledgees, and may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of

the same.

7. **Release.** Pledgors hereby waive all benefit that might accrue to either or both Pledgor(s) by virtue of any present or future laws exempting any property, real or personal, or any part of the proceeds arising from any sale of any such property, from attachment, levy or sale under execution, or providing for any stay of execution, exemption from civil process or extension of time, and agrees that such property may be sold to satisfy any judgment entered on this Agreement, in whole or in part and in any order as may be desired by Pledgees.

8. **Parties.** The words "Trustee" "Pledgees" and "Pledgors" whenever occurring herein shall be deemed and construed to include the respective successors and assigns of Trustee, Pledgees, and Pledgor.

9. **Governing Law.** This instrument shall be construed according to and governed by the laws of the Commonwealth of Pennsylvania without regard to the law of conflicts of law.

10. **Consent to Jurisdiction.** IN ANY LEGAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP EVIDENCED HEREBY, PLEDGOR(S) HEREBY IRREVOCABLY SUBMIT TO THE NONEXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN OR SERVING PHILADELPHIA COUNTY, PENNSYLVANIA AND AGREES NOT TO RAISE ANY OBJECTION TO SUCH JURISDICTION OR TO THE LAYING OR MAINTAINING OF THE VENUE OF ANY SUCH PROCEEDING IN SUCH COUNTY. PLEDGORS AGREE THAT SERVICE OF PROCESS IN ANY SUCH PROCEEDING MAY BE DULY EFFECTED UPON IT BY MAILING A COPY THEREOF, BY REGISTERED MAIL, POSTAGE PREPAID, TO PLEDGORS.

13. **Waiver of Jury Trial.** PLEDGORS HEREBY WAIVE, AND PLEDGEES BY THEIR ACCEPTANCE HEREOF THEREBY WAIVE, TRIAL BY JURY IN ANY LEGAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER

(WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE RELATIONSHIP EVIDENCED HEREBY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR PLEDGEEES TO CONTINUE TO EXTEND THE CREDIT EVIDENCED BY THE NOTE.

14. No Waiver by Pledgees. Pledgees shall not be deemed to have modified or waived any of their rights or remedies hereunder unless such modification or waiver is in writing and signed by Pledgees and then only to the extent specifically set forth therein. A waiver in any one event shall not be construed as continuing or as a waiver of or bar to the exercise of such right or remedy with respect to any subsequent event or occurrence.

15. Notices. All notices given or required to be given pursuant to the terms of this Agreement shall be sufficiently given if given by registered or certified mail, return receipt requested, or by Federal Express, addressed as follows:

If to Pledgors:

Joseph and Donna Grasso  
649 Dodds Lane  
Gladwyne, PA 19035

with a copy to:

James M. Matour, Esquire  
Hangley Hangley Aronchick Segal Pudlin & Schiller  
One Logan Square, 27th Floor  
Philadelphia, PA 19103-6933

If to Pledgees:

Christine C. Shubert  
10 Teaberry Drive  
Medford, NJ 08055

with a copy to:

Amy E. Vulpio, Esquire  
White and Williams LLP  
1650 Market Street, 18<sup>th</sup> Floor  
Philadelphia, PA 19103




16. **Captions.** The captions of the sections of this Agreement and for the convenience of the parties and shall not in any way expand, diminish or otherwise affect the interpretation of the provisions of this Agreement.

17. **Further Assurances.** Pledgors shall, from time to time upon the written request of Pledgees, promptly execute and deliver such further documents and take such further action as Pledgees may reasonably request in order to create, preserve, perfect and protect the assignment and security interest granted hereby, to accomplish the renewal, replacement or substitution of any of the Collateral or to enable Pledgees to exercise and enforce their rights and remedies hereunder. Pledgors acknowledge that Pledgees are entitled to file any financing statement (or amendment or extension thereof) deemed necessary by Pledgees in connection therewith, which appointment as attorney-in-fact is irrevocable and coupled with an interest.

18. **Interpretation.** As used herein: (a) the terms "include," "including" and forms thereof are not exclusive; (b) the term "person" means any individual, corporation, partnership, limited liability company, trust, governmental authority, or other entity of any kind; (c) singular words shall connote the plural as well as the singular and vice versa as the context requires; (d) each gender will include any other gender; (e) the term "day" means calendar day; and (f) the words "herein," "hereof," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Section or subdivision hereof.

IN WITNESS WHEREOF, intending to be legally bound, the Pledgors have caused this Pledge Agreement to be duly executed as of the date first above written.

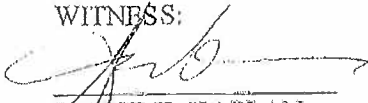
PLEDGOR:

  
JOSEPH GRASSO

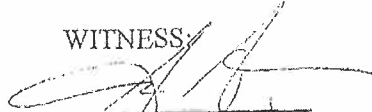
PLEDGOR:

  
DONNA GRASSO


WITNESS:

  
BRUCE K. KAPLAN

WITNESS:

  
BRUCE K. KAPLAN

ACCEPTED:

  
CHRISTINE C. SHUBERT,  
CHAPTER 11 TRUSTEE

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT,  
AND AGREES NOT TO MAKE ANY DISTRIBUTIONS TO PLEDGOR(S) WITHOUT  
THE TRUSTEE'S CONSENT UNTIL THE SECURED OBLIGATIONS ARE PAID IN  
FULL:

Chest-Pac Associates, LP  
By:  
Its:

111 South 15<sup>th</sup> Associates, LP  
By:  
Its:

15<sup>th</sup> & Sansom  
By:  
Its:

Spring Ridge Associates, LP  
By:  
Its:

JGDG Associates, LP  
By: Joseph Grasso  
Its: Member

730-East Elm Associates, LP  
By: Joseph Grasso  
Its: General Partner

635 East Elm Associates, LP  
By: Joseph Grasso  
Its: Sole Owner

735 Hector Street  
By: Joseph Grasso  
Its: Sole Owner

Curtis Investors, LP  
By: Joseph Grasso  
Its: General Partner

PLB Investors, LP  
By: Joseph Grasso  
Its: General Partner

JOKM Associates, LP  
By: Joseph Grasso  
Its: General Partner

Warminster Plaza Associates  
By: Joseph Grasso  
Its: General Partner

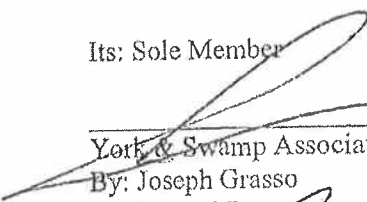
WSC 717 Associates, LP  
By: Joseph Grasso  
Its: General Partner

722 Spring Street Associates  
By: Joseph Grasso  
Its: Sole Owner

Avalon Breezes Development, LLC  
By: Joseph Grasso

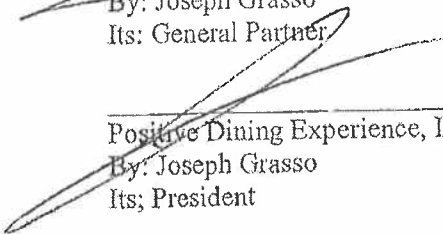
QSPR Partners, L.P.  
By:

Its: Sole Member

  
York & Swamp Associates, LP

By: Joseph Grasso

Its: General Partner

  
Positive Dining Experience, Inc.

By: Joseph Grasso

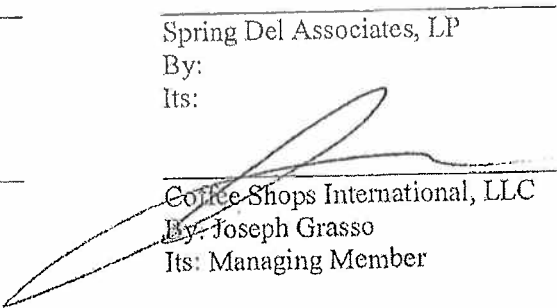
Its: President

Union Trust Philadelphia, LLC

By:

Its:

Its:

  
Spring Del Associates, LP

By:

Its:

Coffee Shops International, LLC

By: Joseph Grasso

Its: Managing Member

Grasso Family Partnership, LP

By:

Its:

SCHEDULE C

<u>Name of Business</u>	<u>Nature of Pledgors' Business Interests</u>	<u>Status of Pledgors' Interests</u>	<u>Pledgors' Percentage Ownership in the Businesses and Business Interests</u>	<u>Managerial Control of the Business Vested in</u>
Chest-Pac Associates, LP	DIRECT & GRASSO FAMILY PARTNERSHIP		21.073684%	David Grasso c/o Carl Graf 30 S 15 <sup>th</sup> Street Philadelphia, PA 19102
111 South 15 <sup>th</sup> Associates, LP	DIRECT & GRASSO FAMILY PARTNERSHIP		21.073684%	David Grasso c/o Carl Graf 30 S 15 <sup>th</sup> Street Philadelphia, PA 19102
15 <sup>th</sup> & Sansom	DIRECT		32.33%	David Grasso c/o Carl Graf 30 S 15 <sup>th</sup> Street Philadelphia, PA 19102
Spring Ridge Associates, LP	DIRECT		10.643%	Michael Grasso c/o Richard Koory U S Realty Associates 120 E Lancaster Ave Suite 101 Ardmore, PA 19003
JGDG Associates, LP	DIRECT		100.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428

730 East Elm Associates, LP	DIRECT			50.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
635 East Elm Associates, LP	DIRECT			100.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
735 Hector Street	DIRECT			100.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
Curtis Investors, LP	DIRECT			72.44%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
PLB Investors, LP	DIRECT			72.44%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
JGKM Associates, LP	DIRECT			80.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428 ( Receiver in charge of Property )
Warminster Plaza Associates	DIRECT			49.50%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428 ( Mortgage Holder Currently collecting Rents )
WSC 717 Associates, LP	DIRECT			25.50%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428
722 Spring Street Associates	DIRECT			100.00%	Joseph Grasso 730 E Elm Street

Grasso Family Partnership, LP	DIRECT			19.80%	Michael Grasso c/o Richard Koory U S Realty Associates 120 E Lancaster Ave Suite 101 Ardmore, PA 19003	Conshohocken, PA 19428
Avalon Breezes Developments, LLC	DIRECT			100.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428	
QSPR Partners, LP	DIRECT			24.833%	David Grasso c/o Carl Graf 30 S 15 <sup>th</sup> Street Philadelphia, PA 19102	
York & Swamp Associates, LP	DIRECT			89.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428	
Positive Dining Experience, Inc.	DIRECT			70.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428	
Coffee Shops International, LLC	DIRECT			70.00%	Joseph Grasso 730 E Elm Street Conshohocken, PA 19428	
Union Trust Philadelphia, LLC	DIRECT			50.00%	Lynn E Feldman Chapter 7 Trustee Feldman Law Associates 221 N Cedar Crest Blvd Allentown, PA 18104	

Spring Del Associates, LP	DIRECT & GRASSO FAMILY PARTNERSHP		7.5%	Michael Grasso c/o Richard Koory U S Realty Associates 120 E Lancaster Ave Suite 101 Ardmore, PA 19003
J. Grasso Properties, LLC	UNKNOWN			