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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	Case No. 10-22740 (RDD)
12 BYFIELD, LLC,	Chapter 11
Debtor.	

AMENDED DISCLOSURE STATEMENT, PURSUANT TO 11 U.S.C. §1125, REGARDING AMENDED PLAN OF REORGANIZATION FOR 12 BYFIELD, LLC,

THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY AUTHORIZED STATEMENTS WITH RESPECT TO THE AMENDED PLAN (THE "PLAN"). NO OTHER REPRESENTATIONS CONCERNING THE DEBTOR, ITS OPERATIONS OR THE VALUE OF ITS PROPERTY HAS BEEN AUTHORIZED BY THE DEBTOR.

ANY REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

I. INTRODUCTION

On April 16, 2010 (the "Filing Date"), 12 Byfield, LLC, (the "Debtor") filed a voluntary petition for reorganization pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The petition was filed in the United States Bankruptcy Court for the Southern District of New York. By order of the Bankruptcy Court dated June 14, 2010, the Debtor retained Baker & Hostetler LLP as its main bankruptcy counsel. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtor continues to operate its business and manage its assets as debtor in possession. No Creditors' Committee was formed in this case.

The Debtor (the "Plan Proponent") presents this Disclosure Statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code. The Disclosure Statement is provided to all of the Debtor's known creditors and parties in interest in order to disclose that information deemed to be material, important and necessary for the Debtor's creditors to arrive at a reasonably informed decision in exercising their rights to vote on the proposed amended plan of reorganization (the "Plan") dated May 9, 2011. A copy of the Plan accompanies this Disclosure Statement and is annexed hereto as Exhibit A.

Pursuant to section 1125 of the Bankruptcy Code, after a hearing, and a notice to all creditors and other interested parties, the Plan Proponent has obtained an order of the Bankruptcy Court dated _____ ___, 2011, approving this Disclosure Statement for submission to the holders of claims against, or interests in, the Debtor and setting the date of the hearing for the Bankruptcy Court to consider confirmation of the Plan.

The Bankruptcy Court has set the ___ day of _____, 2011, as the date for a hearing on the confirmation of the Plan.

The purpose of this Disclosure Statement is to inform all claim holders of information that may be deemed material, important and necessary in order for such claim holders to make an

informed judgment about the Plan, and to vote for the acceptance or rejection of the Plan, where voting is necessary.

A class that is not impaired under the Plan and each holder of a claim of such class are conclusively presumed to have accepted the Plan, and solicitation of acceptances with respect to such class from the holders of claims of such class is not required.

The approval by the Bankruptcy Court of this Disclosure Statement does not constitute a recommendation as to the merits of the Plan, only that it contains "adequate information" from which creditors may form an opinion as to the merits of the Plan. Each creditor should read the Disclosure Statement and the Plan in their entirety.

The definitions and designations of terms, names and designations of persons, or entities, made in the Plan, apply to the Disclosure Statement, and it is suggested that you refer to the Plan for such definitions and designations.

I. HISTORY OF THE DEBTOR AND THE BANKRUPTCY FILING

The Debtor was formed in May 2007 to construct a single family residence at the property (the "Project"), 2.69 acres located at 12 Byfield Road, Greenwich, Connecticut.

1. History of Debtor and Description of Debtor's Business Purpose

Mr. James Scheckter, both the Designated Officer of the Debtor and the Debtor's principal, identified and purchased the Project, borrowing money from a related company, Mortgage Options. Mr. Scheckter is the manager of Mortgage Options, which is funded through investments from him and his wife, Susan Scheckter (collectively the "Scheckters"), and unrelated parties. Mr. Scheckter is a developer who was seeking to maximize the value of the Project for the benefit of the Debtor, its estate and all of its creditors and investors. Mr. Scheckter developed the plans for the house on the Project, and Mortgage Options funded the commencement of this project by advancing $2.5 million as a mortgage loan secured by the

Project. Mortgage Options fully funded this loan, the proceeds of which paid for hard and soft costs on this project. Mr. Scheckter was introduced to USA Bank in 2007. USA Bank was anxious to loan money and approved a loan to the Debtor. The Debtor needed a loan of more than $5.5 million (the then maximum loan USA Bank was authorized to provide), which was discussed with USA Bank. The then Chairman of USA Bank told Mr. Scheckter to make a formal loan request for $5.35 million, just under the bank's authorized limit, which Mr. Scheckter did for the Debtor. USA Bank approved the Debtor's loan in the amount of $4.8 million. The then USA Bank Chairman told Mr. Scheckter to enter into the $4.8 million construction loan to get the project started and that there would be more money at the end to make sure it would get finished. Specifically, he advised Mr. Scheckter that the additional loan would be secured by a second mortgage at the same cost as the first loan and with no additional charges (except for a $500 document fee) and represented that this future second mortgage was part of the original loan. That Chairman has been forced by the FDIC to resign from USA Bank, and his son was permitted to take his position. On July 31, 2007, the Debtor entered the loan with the expectation that, when the project was substantially complete and additional funds were needed, USA Bank would fund more monies under a second mortgage as promised. From the inception of the first loan, there were numerous discussions about this second loan; however, USA Bank represented that it wanted the first loan substantially drawn down before it would document and fund the second loan. The Scheckters, the owners of the Debtor, executed personal guarantees in connection with the USA Bank loan. In closing on the USA Bank loan, Mr. Scheckter provided USA Bank with full documentation of all expenditures that were funded by Mortgage Options. Based upon these documented expenditures, USA Bank agreed to permit Mortgage Options to record its mortgage in junior position to USA Bank's mortgage.

2. Misconduct of USA Bank

Upon closing of the USA Bank loan, USA Bank funded an initial disbursement to the Debtor in the amount of $700,000 and was supposed to fund from the loan proceeds an interest reserve account in the amount of $350,000. The interest reserve account was to be maintained at USA Bank in Port Chester, New York. There have been a number of issues regarding this interest reserve account, and the Debtor's numerous requests for a full accounting thereof have been ignored by USA Bank. The Debtor used the proceeds from the USA Bank loan to pay for the hard and soft costs associated with the construction and improvement of the Project. Months after closing the loan, however, USA Bank began playing games with draw requests, delaying inspections and title updates and refusing draws to fund deposits necessary to order materials (changing its initial practice of funding such draws). These changes in the administration of the loan occurred after USA Bank changed its chief loan officer and resulted in delays to the project while interest on the loan continued to accrue. For many months, the Debtor's principals advanced funds for materials so as to minimize USA Bank's disruption of construction. Many times, the subsequently funded draw was insufficient to repay the Scheckters' advances. The Scheckters have advanced approximately $300,000 without reimbursement during the construction of the project. USA Bank has benefitted from its own delays in the receipt of interest on its loan. At times, USA Bank disregarded the Debtor's specific instructions and funded interest payments to itself by netting these amounts against the Debtor's approved loan draws. The USA Bank loan matured (after exercise of the Debtor's 12 month extension option) on August 1, 2009. At this time, the project was substantially complete. The house is 15,692 square feet, with 6 bedrooms and 7.5 bathrooms, on 2.69 acres, and is currently listed for sale at $11,999,999. The remaining work to complete the house includes the purchase and installation of cabinetry, site work in connection with the retention walls and landscaping, installation of

plumbing fixtures, completion of the interconnective lighting system, staining of the floors, completion of trim and mill work, finish of the lower level and final internal and external painting. The Debtor estimates that the hard costs for completion to be approximately $1.6 million and the time to completion to be approximately 100 days (because of lead time to order cabinetry and millwork). The soft costs, primarily interest payments, are estimated between $1,000,000– 1,400,000. For months after loan maturity, the Debtor attempted to engage USA Bank regarding the additional funding as promised when the loan was entered. Ultimately, these discussions were not successful, and USA Bank refused to loan the additional funds to complete the project as it promised. In December 2009, the Debtor retained counsel to assist it in its discussions with USA Bank. Upon the Debtor's retention of counsel, and 5 months after the loan matured, USA Bank reported payment delinquencies on the personal credit histories of James and Susan Scheckter, impairing their credit scores. For several months thereafter, the Debtor continued to negotiate with USA Bank in good faith while searching for alternative financing. The Debtor made several offers regarding payment and treatment of the USA Bank's loan, which offers were rejected. During these "negotiations," USA Bank did not make a single counter proposal until March 26, 2010, the terms of which were too onerous for the Debtor. Postpetition, the Debtor and USA Bank again engaged in settlement discussions and, tentatively, reached an understanding as to terms substantially similar to the terms of the Plan. The FDIC, on July 9, 2010, seized USA BANK and, based upon press releases, transferred all assets of USA Bank to New Century Bank, d/b/a Customers 1st Bank. According to the USA Bank website, USA Bank is now a Division of New Century Bank. The Debtor has had some discussions with a representative of Customers USA Bank. The Debtor does not know if a consensual resolution can be reached and will continue to prosecute its Plan.

Since October 2009, actual sales of comparable houses in the immediate vicinity of the Project have occurred at a rate of 1 per month. As stated in the record, Mr. Scheckter is confident that if USA Bank did not delay the completion of this project, the Debtor would have sold this house already. Nevertheless, if the Debtor can complete this project and list the completed house for sale, the house will sell. The Debtor has received some purchase interest to date despite its incomplete state. As a result of the aforementioned misconduct and strenuous allegations from other parties, USA Bank was seized by the FDIC on July 13, 2010.

3. Events Leading to the Commencement of this Case

In early April 2010, the Debtor realized it was at a complete impasse in its attempted negotiations with USA Bank. Work had stopped at the Project months ago. No funds were available to complete the project, and the Debtor had accrued the approximate amount of $286,000 for goods and services related to the project. The Debtor had a matured senior mortgage (albeit disputed) accruing interest and threatening foreclosure. As a result, the Debtor voluntarily filed for bankruptcy protection on April 16, 2010. Through this chapter 11 case, the Debtor is seeking, and is negotiating to borrow up to an additional $2.5 million from a third-party lender, in the form of exit financing, which additional loan will require first senior mortgage status. The value of the Project as a going concern is $10.5 million as illustrated by the appraisal annexed hereto as Exhibit B, which appraisal shall be updated prior to confirmation of the Plan if valuation is raised as a confirmation issue. USA Bank/Customers USA Bank has a sufficiently large equity cushion and, even as primed, would maintain a 74% loan to value ratio. The Debtor's principals will contribute additional equity.

4. Description of Debtor's Assets

Subject to the qualifications herein, the Debtor's Project is generally described as follows: the Project, a nearly completed single family residence on 2.69 acres located at 12

Byfield Road, Greenwich, Connecticut; and the Debtor's interest reserve account held at USA Bank/Customers USA Bank. The value of the Project as a going concern is $10.25 million as set forth in the appraisal annexed hereto as Exhibit B. USA Bank/Customers USA Bank holds the first mortgage in the principal amount of $4.8 million, which is subject to dispute. Mortgage Options holds the second mortgage in the principal amount of $2.5 million. Various third party vendors hold unsecured (claims certain of which may file mechanics liens on the Project) totaling the approximate amount of $286,000. James and Susan Scheckter have claims for reimbursement for advances to the Debtor for construction costs totaling the approximate amount of $300,000. James and Susan Scheckter each own 50% of the Debtor.

II. POST-PETITION DEVELOPMENTS

1. Transfer of Venue

On May 11, 2010, USA Bank filed its motion to dismiss the case or transfer venue from the Southern District of New York, which motion the Debtor strenuously contests in its objection thereto, filed on May 25, 2010. The motion was withdrawn by USA Bank on October 18, 2010.

2. Adversary Proceeding against USA Bank

On May 17, 2010, the Debtor commenced an action (the "Adversary") against USA Bank, seeking a judgment awarding the Debtor damages resulting from USA Bank's fraud and demanding an accounting. Customers USA Bank, on July 23, 2010, filed its motion to substitute party and, on October 6, 2010, an Order granting such motion was entered. On November 24, 2010, Customers USA Bank filed its motion for partial summary judgment.

The Court set a briefing schedule for Customers USA Bank's motion to dismiss and provided the Debtor with the opportunity to take discovery. The Debtor was permitted access to review USA Bank's documents and, ultimately, did not contest the application of FIRREA to

dismiss the fraud count asserted in the Complaint, initially filed against the predecessor to Customers USA Bank. The Court has dismissed the fraud count as to Customers USA Bank.

The complaint still asserts a count for an accounting against Customers USA Bank.

3. Current Business Status

The Debtor had no significant operations during the chapter 11 case. Copies of the Debtor's operating reports can be reviewed at the Bankruptcy Clerk's Office or through the Bankruptcy Court's internet website. The Debtor is currently managed by Mr. James Scheckter, the Designated Officer. Post-confirmation, management will remain the same.

III. CLAIMS

In accordance with Bankruptcy Rule 3003(c)(3), the Bankruptcy Court fixed July 30, 2010 (the "Bar Date") as the last day by which general creditors would be permitted to file claims in the Debtor's chapter 11 case and October 30, 2010 as the last day for governmental units to file claims in the Debtor's chapter 11 case (the "Governmental Bar Date"). Pursuant to Bankruptcy Rule 3003(c)(2), any creditor whose claim had not been scheduled by the Debtor or was scheduled as disputed, contingent or unliquidated and has failed to file a proof of claim on or before the Bar Date or the Governmental Bar Date, as the case may be, is deemed not to be a creditor with respect to such claim for purposes of voting on and receiving a distribution under the Plan.

Pursuant to the Debtor's Schedules, the Debtor estimates that the total amount of (i) secured claims against the Debtor as of the Filing Date totaled $7,382,490.00, of which $4,882,490.00 was scheduled as disputed; and (ii) unsecured claims against the Debtor totaled $481,678.57. The foregoing constitutes an estimate of disputed claims only and is without prejudice to the Debtor's rights to contest the amount, priority and validity of any claims. To date, seven proofs of claim have been filed against the Debtor. A proof of claim was filed by the

Connecticut Light and Power Company against the Debtor asserting an unsecured claim in the amount $1,381.00. A proof of claim was filed by East Haven Building Supply against the Debtor asserting an unsecured claim in the amount $9,278.85. A proof of claim was filed by the Internal Revenue Service against the Debtor asserting a tax claim in the amount $6,432.00. A proof of claim was filed by USA Bank against the Debtor asserting a secured claim in the amount of $5,162,913.73. A proof of claim was filed by the State of Connecticut – Department of Revenue Services asserting a priority tax claim in the amount of $949.00. A proof of claim was filed by the Town of Greenwich, CT, asserting a real estate tax claim in the amount of $25, 643.51. A proof of claim was filed by Samar Painting & Decorating, Inc., asserting a claim for services performed in the amount of $92,490.00. A detailed breakdown of the filed and listed claims and proposed treatment is provided in Section 5 below. The Debtor has commenced reviewing the claims filed in this case and believes that there are certain disputes with the amount and classification of some of these claims. Accordingly, the Debtor may commence proceedings seeking to reduce, expunge or reclassify claims and to correct duplicative listings to the extent appropriate.

IV. THE AMENDED PLAN OF REORGANIZATION

THIS PART PRESENTS ONLY A SUMMARY OF THE AMENDED PLAN OF REORGANIZATION, WHICH IS ATTACHED HERETO AS EXHIBIT A. CREDITORS ARE URGED TO CONSULT WITH COUNSEL IN ORDER TO DETERMINE WHETHER TO VOTE FOR OR AGAINST THE PLAN.

The Plan will be implemented by and through the proceeds of the Exit Financing. The Exit Financing will be in the form of a secured loan from TDC Secured Strategies Fund, LLC secured by a first priority priming lien on the Project in the approximate amount of $3 million for a term of 18 months, with two (2) extension options of three (3) months each. The proceeds of

the Exit Financing shall be sufficient to permit the Reorganized Debtor to fund the Initial Distribution, payment of Allowed Administrative Claims (including Professional Fees), payment of Allowed Priority Tax Claims, completion of the Project, USA Bank Interest Payments, and carry costs for a reasonable time period to market and sell the Project so as to maximize value. The commitment letter specifying the terms of the Exit Financing is annexed to the Disclosure Statement as Exhibit C. The commitment letter requires the Debtor to obtain Court approval of the Exit Financing by June 13, 2011, i.e. within 45 days of execution of the commitment letter. The Debtor advises all parties in interest to review the commitment letter for the complete terms of the Exit Financing. To the extent that there is a shortfall, the holders of the Equity Interests have agreed to infuse up to an additional $250,000. A copy of the budget to completion of the Project is annexed to the Disclosure Statement as Exhibit D.

The Debtor believes that the Plan will provide all holders of claims against the Debtor with a greater recovery than would be available if all of the assets and interests of the Debtor were liquidated in a case under chapter 7 of the Bankruptcy Code and distributed by a chapter 7 trustee in accordance with the statutory scheme and priorities contained in the Bankruptcy Code. In such event, the Debtor believes there would be little if any available assets to pay Claims (see liquidation analysis annexed hereto as Exhibit E).

1. Classification of Claims

A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that the Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and has not been paid, released or otherwise satisfied prior to the Confirmation Date.

The term "impaired" as used below shall have the same meaning it has pursuant to section 1124 of the Bankruptcy Code. Thus, a Class of Claims is impaired under the Debtor's Plan unless, with respect to each and every Claim in the Class, the holder of such Claim receives, on the Effective Date of the Plan, the total allowed amount of such Claim in cash or the Plan leaves unaltered the legal, equitable, and contractual rights to which such Claim entitles the holder thereof.

2. Unclassified Claims/Administrative Claims

Administrative Claims are not classified under the Plan. Administrative Claims are Claims against the Debtor for any costs or expenses of the Reorganization Case allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including all actual and necessary expenses of preservation of the Debtor's Estate, Court fees and expenses and allowances of compensation for Professional Persons retained by the Debtor.

All requests for payment of Administrative Claims that accrued out of the ordinary course of business during the Administrative Period shall be filed and served on the Debtor's Attorneys not later than 30 days after notice of the Confirmation Date, with the exception of the Administrative Claims of Professional Persons retained pursuant to order of the Bankruptcy Court, which are subject to Court approval after notice and hearing and shall be paid by the Debtor and/or the Reorganized Debtor on or before the Effective Date or as otherwise ordered by the Bankruptcy Court. Notwithstanding anything in the Plan to the contrary, objections to such requests shall be filed and served within 60 days after filing of each such request.

Except as specified above, all Allowed Administrative Claims shall receive cash from the Reorganized Debtor in the amount of such Allowed Administrative Claim on the later of (i) the Effective Date or (ii) the date such Administrative Claim becomes and Allowed Administrative

Claim, or at such other date and upon such other terms as may be agreed upon by the holder of the Allowed Administrative Claim and the Debtor or ordered by the Bankruptcy Court.

Notwithstanding the foregoing, (a) any Allowed Administrative Claim based on a liability incurred by the Debtor in the ordinary course of business during the Reorganization Case may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (b) any Allowed Administrative Claim may be paid on such other terms as may be agreed on between the holder of such Allowed Administrative Claim and the Debtor.

The estimated Professional Fees outstanding as of confirmation are expected to be $150,000 for Baker & Hostetler LLP ("Baker") and Foley & Lardner LLP ("Foley"), counsel for the Debtor and $50,000 for Oxman Tulis Kirkpatrick Whyatt & Geiger LLP ("Oxman TulisA"), special litigation counsel for the Debtor. Baker has received a retainer of $37,061.46.

The Plan provides that the Administrative Claims of Professional Persons retained pursuant to order of the Bankruptcy Court are subject to Bankruptcy Court approval after notice and a hearing. Such Professionals need not file a Claim.

3. Priority Tax Claims

Tax Claims are not classified under the Plan. The holders, if any, of Allowed Tax Claims under section 507(a)(8) of the Bankruptcy Code shall be paid 100% of the amount of their Allowed Claims in equal deferred cash payments on a quarterly basis, beginning on the later of (i) the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Claim and continuing over a period of six years measured from the date of the assessment of such taxes or if there has been no assessment from the Filing Date, with interest at a rate equal to 4% per annum, or receive such other treatment as to which the Debtor and such holder shall have agreed upon in writing; provided, however, that the Debtor reserves the right to pay any Allowed

Priority Tax Claim, or any remaining balance thereof, in full at any time on or after the Effective Date without premium or penalty; and provided further, that no holder of an Allowed Priority Tax Claim shall be entitled to any payment on account of any pre-Effective Date interest arising after the Filing Date with respect to or in connection with such Allowed Claim.

Any liens held by the I.R.S., the Connecticut Department of Revenue or the Town of Greenwich shall continue after Confirmation under the Plan to the same extent and priority held as of the Filing Date.

4. Classified Claims

The Plan provides for the division of claims into separate classes as follows:

a. Class 1 – Secured Claim of USA Bank

Class 1 includes the Allowed Secured Claim of USA Bank, which Claim is impaired under the Plan. The holder of Class 1 Allowed Secured Claim shall receive monthly interest payments (the "USA Bank Interest Payments") at a rate equal to 4.25% per annum, which is equal to the prime rate contained in the *Wall Street Journal* as of October 29, 2010 plus one percent (1%) per annum, commencing on the later of the first date of the month following the Effective Date or the date such Claim becomes an Allowed Claim, and shall be paid in full by the Reorganized Debtor up to the amount of its Allowed Secured Claim from the proceeds of the sale of the Project. Any liens held by USA Bank shall continue after Confirmation under the Plan to the same extent and priority held as of the Filing Date, junior and subject to the liens granted under the Exit Financing. The Reorganized Debtor shall retain the Project which secures such Claim.

b. Class 2 – Secured Claims of Mortgage Options

Class 2 Secured Claim includes the Allowed Secured Claim of Mortgage Options, which Claim is impaired under the Plan. The Allowed Secured Claim of Mortgage Options shall be

paid in full by the Reorganized Debtor up to the amount of its Allowed Secured Claim from the proceeds from the sale of the Project after payment of the Exit Financing, the Allowed Secured Claim of USA Bank, the Allowed Secured Claims of M&Ms and the Final Distribution for Allowed Unsecured Claims. Any liens held by Mortgage Options shall continue after Confirmation under the Plan to the same extent and priority held as of the Filing Date, junior and subject to the liens granted under the Exit Financing. The Reorganized Debtor shall retain the Project which secures such Claim.

c. Class 3 – Secured M&M Claims

Class 3 Secured Claim includes the Allowed Secured Claim of M&Ms, which Claims are impaired under the Plan. The Allowed Secured Claims of M&Ms shall be paid in full up to the amount of their Allowed Secured Claims from the proceeds of the sale of the Project, after payment of the Exit Financing and the Allowed Secured Claim of USA Bank. Any liens held by the holders of Allowed Secured Claims of M&Ms shall continue after Confirmation under the Plan to the same extent and priority held as of the Filing Date, junior and subject to the liens granted under the Exit Financing. The Reorganized Debtor shall retain the Project which secures any such Claim.

d. Class 4 – Priority Claims

Priority Claims are Allowed Priority Claims excluding Priority Tax Claims. Class 4 Priority Claims are impaired under the Plan. Unless otherwise agreed by the Debtor and such Claimant, each holder of a Class 4 Allowed Priority Claims shall be paid in cash, in full on the later of the Effective Date or the date any such Claim becomes and Allowed Claim.

e. Class 5 – Unsecured Claims

Class 5 includes all Allowed Unsecured Claims, which Claims are impaired under the Plan. Unless otherwise agreed to by the Debtor and such Claimant, Allowed Unsecured Claims

shall be paid 50% of their Allowed Claims on the later of the Effective Date or the date any such Claim becomes an Allowed Claim and 50% of their Allowed Claims from the proceeds of the sale of the Project after payment of the Exit Financing, the Allowed Secured Claim of USA Bank and the Allowed Secured Claims of M&Ms on the later of the closing of such sale or the date any such Claim becomes an Allowed Claim.

f. Class 6 – Equity Interests

All Interests in the Debtor shall be cancelled, and James Scheckter and Susan Scheckter shall be issued new Interests in the Reorganized Debtor constituting 50% ownership of the Reorganized Debtor each. In exchange for their Interests in the Reorganized Debtor, James Scheckter and Susan Scheckter shall contribute as capital to the Reorganized Debtor an amount up to $250,000.00 in the aggregate if, when and as needed by the Reorganized Debtor, as well as guarantee the Exit Financing and continue their guarantees of the Allowed Secured Claim of USA Bank.

Any party in interest to this Reorganization Case may acquire 100% of the Interests in the Reorganized Debtor by contributing funds in excess of $250,000.00 and personally guaranteeing the Exit Financing (subject to the consent of the lender providing the Exit Financing).

g. Payment of Allowed Claims

Payment is to be made only to those holders of Allowed Claims of the various Classes. The Debtor may pre-pay all or part of any class of obligations under the Plan without penalty, at any time.

5. Objection to Claims

The Debtor may file objections to claims of record in order to correct erroneous or duplicative amounts or for any other reason that in its business judgment would be appropriate.

(i) General Procedures: Unless another date is provided for in this Plan or by the Bankruptcy Court, on or before the sixtieth (60th) day after the Confirmation Date, the Debtor and/or the Reorganized Debtor may file with the Bankruptcy Court objections to Claims, including objections to the amount and classification thereof, except Claims previously allowed by a Final Order, and shall serve a copy of such objection upon the holder of the Claim to which such objection pertains. The resolution of any such objection shall be governed by the Bankruptcy Code, the Bankruptcy Rules and such provisions as may be established by the Bankruptcy Court, or by the procedural rules of the court in which such objection is to be litigated. Any Claim as to which an objection is not timely filed in accordance with the provisions of the Plan or orders of the Bankruptcy Court and to which the Debtor's time to interpose objection has expired, shall be an Allowed Claim, except that any Claim scheduled as disputed to which no proof of claim has been filed shall be deemed disallowed and is expunged.

(ii) Prosecution of Objections: Unless otherwise ordered by the Bankruptcy Court, the Debtor and/or the Reorganized Debtor shall litigate its objections to Claims to judgment or settlement, or withdraw the objection at its sole and absolute discretion.

6. Setoffs

The Debtor shall have the right to setoff against any payment to be made pursuant to the Plan to a Claimant, claims of any nature whatsoever that the Debtor may have or have had, against the holder of such Claim including, but not limited to, judgments obtained pursuant to sections 547 and 548 of the Bankruptcy Code, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any such claim that it may have or have had against any such Claimant.

7. Unclaimed Cash

In the event any Claimant fails to claim any distribution within three months from the date of such distribution, by failing to present such distribution check for payment to the Debtor' bank, such Claimant shall forfeit all rights thereto. Thereafter the distribution formerly available to the Claimant shall become the property of the Reorganized Debtor, and such Claimant shall have no further rights to share in any subsequent distributions which may be made.

For purposes of mailing distribution checks, the Debtor may rely on the addresses for holders of Allowed Claims as set forth in the Schedules unless superseded by the address for such holders set forth in the proofs of Claims filed by Claimants with the Bankruptcy Court. If no proofs of Claim are filed and the Schedules filed by the Debtor fail to furnish valid addresses for holders of Allowed Claims, such Allowed Claims shall be deemed unclaimed property pursuant to section 347(b) of the Bankruptcy Code at the expiration of the later of (a) six months from the entry of the Confirmation Order and (b) three months after an initial distribution is made to that Creditor and shall be returned to the Reorganized Debtor.

8. Fee Applications by Professionals

An application for Professional Fees for services rendered by the Professional Persons in the Reorganization Case and the Plan up to and including the Confirmation Date shall be filed with the Bankruptcy Court on or before forty-five (45) days after the Confirmation Date and shall be paid in accordance with the Plan or as otherwise ordered by the Court. All Professional Fees and post-Confirmation expenses for services rendered by the Professional Persons in connection with the Reorganization Case and the Plan incurred after the Confirmation Date shall be paid in the ordinary course by the Debtor or the Reorganized Debtor, as the case may be.

9. Conditions to the Effective Date

In order for the Plan to be deemed effective the following events must occur:

(i) entry of a Confirmation Order;

(ii) the Confirmation Order becoming a Final Order; and

(iii) the consummation of the Exit Financing.

10. Period Prior to Effective Date

During the period between the Confirmation and Effective Dates, the Debtor shall continue to exercise ownership and control of all Assets and property of its Estate (including the Project).

11. Consummation of Plan

The Debtor anticipates that the Plan will be substantially consummated upon the closing of the Exit Financing and commencement of distributions under the Plan on the Effective Date in accordance with Bankruptcy Code section 1101(2)(C). The Plan is to be implemented in a manner consistent with section 1123 of the Bankruptcy Code. In addition, pursuant to the Confirmation Order and upon confirmation of this Plan, the Debtor or the Reorganized Debtor, as the case may be, will be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and conditions of this Plan. On or before the Effective Date, the Debtor or the Reorganized Debtor, as the case may be, may file with the Bankruptcy Court any and all agreements and documents as may be necessary or appropriate to effectuate or further evidence the terms and conditions of this Plan and may execute such documents without the need for any further approvals, authorizations or consents.

12. Source of Distributions

Subsequent to the Confirmation Date, the Debtor or the Reorganized Debtor, as the case may be, shall make the required Plan payments from the proceeds of the Exit Financing. The

Exit Financing will be in the form of a secured loan from TDC Secured Strategies Fund, LLC secured by a first priority priming lien on the Project in the approximate amount of $3 million for a term of 18 months, with two (2) extension options of three (3) months each. The proceeds of the Exit Financing shall be sufficient to permit the Reorganized Debtor to fund the Initial Distribution, payment of Allowed Administrative Claims (including Professional Fees), payment of Allowed Priority Tax Claims, completion of the Project, USA Bank Interest Payments and carry costs for a reasonable time period to market and sell the Project so as to maximize value. The commitment letter specifying the terms of the Exist Financing is attached hereto as Exhibit C. The commitment letter requires the Debtor to obtain Court approval of the Exit Financing by June 13, 2011, i.e. within 45 days of execution of the commitment letter. The Debtor advises all parties in interest to review the commitment letter for the complete terms of the Exit Financing. To the extent that there is a shortfall, the holders of the Equity Interests have agreed to infuse up to an additional $250,000. A copy of the budget (which is subject to the Exit Financing lender's final approval) to complete the Project is annexed to the Disclosure Statement as Exhibit D.

13. Vesting of Assets in Post-Confirmation Debtor

As of the Confirmation Date, pursuant to the provisions of section 1141(b) and (c) of the Bankruptcy Code, all property, assets and effects of the Debtor (including the Project) shall vest in the Reorganized Debtor free and clear of all Claims and Interests except as otherwise expressly provided in the Plan.

14. Confirmation Order

The Confirmation Order shall constitute a judicial determination that each term and provision of the Plan is valid and enforceable pursuant to its terms. If any provisions of the Plan are prohibited by the Bankruptcy Code, the Debtor reserves the right to sever such provisions from the Plan and to request that the Plan, as so modified, be confirmed.

15. Assumption and/or Rejection of Executory Contracts

Subject to the provisions of this Paragraph, all executory contracts and unexpired leases, not otherwise rejected by the Debtor and not terminated by their own terms, shall be deemed assumed under the Plan pursuant to section 365 of the Bankruptcy Code. The Debtor believes it is current on all such agreements to be assumed. The Debtor will provide the counterparties of assumed contracts and leases with a notice that their agreement is under the Plan and the cure amount at the same time the Debtor serves a copy of the Plan and this Disclosure Statement.

Any Allowed Claims arising out of the rejection of an executory contract or unexpired lease shall be treated as a Class 5 Unsecured Claim. **Each entity that is a party to an executory contract or unexpired lease that is rejected will be entitled to file, not later than 30 days after entry of an order rejecting such executory contract or base, a proof of claim for damages alleged to arise from the rejection of such executory contract or lease.** Objections to any such claim(s) shall be filed by the Debtor not later than 60 days after the filing of such claim(s) and the Bankruptcy Court shall determine any such objection.

With respect to any executory contracts or unexpired leases that are assumed, the Reorganized Debtor will continue to honor its obligations thereunder in the ordinary course of business.

16. Full and Final Satisfaction

All payments, distributions and transfers of cash and property under the Plan are in full and final satisfaction, settlement, release and discharge of all Claims against the Debtor or of any nature whatsoever. Notwithstanding anything contained in the Plan to the contrary, the Confirmation Order shall and hereby does discharge the Debtor from any debt that arose prior to the Confirmation Date, and any debt of a kind specified in section 502(g) and 502(i) of the

Bankruptcy Code. Under no circumstances shall any additional consideration be payable by the Debtor to holders of any such Claims other than as expressly provided under this Plan.

As an integral part and in consideration of the settlement and treatment of Claims and Interests under the Plan, any Persons and holders of any Claims or Interests that received actual or constructive notice of this Plan shall be and are permanently enjoined and precluded from asserting, commencing, or continuing in any manner any actions or from asserting any lien against the Debtor and its respective agents, officers, directors, shareholders, advisors, attorneys, and representatives (the "Released Parties") and against any of such parties' respective assets or properties, with respect to any debt, Claim or interest including any guarantee by any of the Released Parties based upon any document, instrument or act, omission, transaction or other activity of any kind or nature arising out of, based upon, or in any way related to the conduct, actions and transactions of the Debtor through the Confirmation Date.

17. Exculpation

Neither the Debtor nor any of its members, officers, directors, employees, agents, or professionals (as applicable) shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, or arising out of, the Reorganization Case, the Confirmation of the Plan, the Consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan other than for conduct which constitutes gross negligence, willful misconduct, or a violation of the criminal, tax, environmental and antitrust laws of the United States.

18. Preservation of Claims and Causes of Action for the Estate

After review of the Debtor's relevant books and records, the Debtor has determined that it may commence and pursue any causes of action pursuant to (i) sections 502, 542, 544, 545,

546, 550 and 553 of the Bankruptcy Code; (ii) any preference claims pursuant to section 547 of the Bankruptcy Code; (iii) any fraudulent transfer claims pursuant to section 548 of the Bankruptcy Code; (iv) any claims relating to postpetition transactions pursuant to section 549 of the Bankruptcy Code; or (v) any prepetition and postpetition claims arising under applicable state law. All of the Debtor's rights, claims and causes of action, including all of the foregoing, shall be transferred and assigned to the Reorganized Debtor as of the Effective Date of the Plan.

The Debtor or Reorganized Debtor, as the case may be, will prosecute any and all Adversary Proceedings, including the pending action before the Bankruptcy Court against the Trustee, to settlement or judgment. Accordingly, the Debtor's rights and claims in all Adversary Proceedings shall be, and hereby is, transferred and assigned to the Reorganized Debtor as of the Effective Date.

19. Miscellaneous

a. Satisfaction of Section 1129 (a)(12) of the Bankruptcy Code

All fees payable under 28 U.S.C. §1930, as determined by the Bankruptcy Court at the hearing on Confirmation of this Plan, shall be paid on or before the Effective Date. Prior to entry of a final decree, any such fees that accrue post-confirmation shall be paid by the Reorganized Debtor. The Debtor will continue to file operating reports until such time as a final decree is issued.

20. Modification of the Plan

The Debtor reserves their right to propose amendments or modifications to the Plan at any time prior to the date of the entry of the Confirmation Order, except as provided in the Plan. After the date of the Confirmation Order, the Debtor may, without approval of the Bankruptcy Court, remedy any defects or omissions or reconcile any inconsistencies in the Plan or in the

Confirmation Order as may be necessary to carry out the purpose and intent of the Plan so long as it does not materially or adversely affect Claimants.

21. Defaults

In the event of any default in payments required under the Plan, a respective Claimant shall provide written notice to the Debtor and Foley & Lardner LLP at the undersigned addresses of the default. Thereafter, the Debtor shall have 30 days (the "Cure Period") to cure any such default from the date of receipt of the required notice as provided herein under. Upon cure of a default, payments shall continue under the Plan as if no default had occurred. In the event the default is not cured within the Cure Period and the Extension Period (as that term is defined below), (i) the Claimant shall have the right to petition the Bankruptcy Court for such relief as it deems appropriate and is supported in law and fact. Notwithstanding the foregoing default provisions in this paragraph, the Cure Period for a default shall be extended (the "Extension Period") an additional ninety (90) days in the event of any act of terrorism or God which adversely impacts upon the ability of the Debtor or Reorganized Debtor to satisfy its obligation under the Plan.

22. Resolution of Disputed Claims

The Plan provides that no distribution shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. The Plan requires that all objections to Claims be filed on or before the sixtieth (60^{th}) day following the Confirmation Date. The holder of a Disputed Claim shall receive on account of its Allowed Claim cash in an amount equal to the full amount of the required distribution to such Claim holder as provided under the Plan once such claim becomes an Allowed Claim. Disputes regarding the proper classification of any Claim shall be resolved pursuant to the procedures established by the Bankruptcy Code, the Bankruptcy Rules,

other applicable law, the Bankruptcy Court and this Plan, and such resolution shall not be a condition precedent to Confirmation or Consummation of this Plan.

V. MECHANICS OF HOW THE PLAN MAY BE ACCEPTED OR REJECTED

This Disclosure Statement has been approved by order of the Bankruptcy Court dated _____ ___, 2011 as containing information of a kind and in sufficient detail that will enable holders of Claims to make an informed decision about the Plan. Accordingly, this Disclosure Statement is being used in connection with the solicitation of acceptances of the Plan from those Classes entitled to vote on confirmation.

In order for the Plan to be confirmed, various statutory conditions prescribed by the Bankruptcy Code must be satisfied, including (a) acceptance of the Plan by at least one impaired Class entitled to vote on the Plan, (b) provision for payment or distribution under the Plan to each creditor of money and/or other property at least equal in value to what that creditor would have received in a chapter 7 liquidation of the Debtor, (c) a finding by the Bankruptcy Court that the Plan is feasible, and (d) with respect to each Class, either acceptance by that Class or a finding by the Bankruptcy Court that the Plan is "fair and equitable" and does not "discriminate unfairly" against that Class.

1. Who May Vote

Only Classes that are impaired under the Plan are entitled to vote on acceptance or rejection of the Plan. Generally, section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered impaired unless the allowed amount of class is paid in full upon consummation of the plan or a plan does not alter the legal, equitable, and contractual rights of the holder of the claim or interest. In addition, these classes are impaired unless all outstanding defaults, other than defaults relating to the insolvency or financial condition of a debtor or the commencement of a chapter 11 case, have been cured and the holders of claims or interests in

these classes have been compensated for any damages incurred as a result of any reasonable reliance on any contractual provisions or applicable law to demand accelerated payment.

The Claims of creditors in Classes 1, 2, 3, 4 and 5 are impaired by the Plan, and therefore the holders of Claims in such Classes are entitled to vote to accept or reject the Plan. The Interests in Class 6 are cancelled under the Plan, and James Scheckter and Susan Scheckter shall be issued new Interests in the Reorganized Debtor constituting 50% ownership of the Reorganized Debtor each. Holders of Class 6 Interests are insiders as that term is defined in the Bankruptcy Code. As such, holders of Class 6 Interests will not vote on the Plan. Thus, only the holders of claims in Class 1, 2, 3, 4 and 5 are entitled to vote to accept or reject the Plan.

A creditor is entitled to vote only if either (i) its Claim has been scheduled by the Debtor as not disputed, contingent or unliquidated or (ii) it has filed a proof of claim on or before the Bar Date established by the Bankruptcy Court and no objection to such Claim is pending.

ANY HOLDER OF A CLAIM AS TO WHICH AN OBJECTION IS PENDING IS NOT ENTITLED TO VOTE IN RESPECT OF SUCH CLAIM UNLESS THE CREDITOR HAS OBTAINED AN ORDER OF THE BANKRUPTCY COURT TEMPORARILY ALLOWING THE CLAIM FOR THE PURPOSE OF VOTING ON THE PLAN. A CREDITOR'S VOTE MAY BE DISREGARDED IF THE BANKRUPTCY COURT DETERMINES THAT SUCH ACCEPTANCE OR REJECTION WAS NOT SOLICITED OR PROCURED IN ACCORDANCE WITH THE PROVISIONS OF THE BANKRUPTCY CODE.

2. Voting Procedures

a. Solicitation Period

In order to be counted, a ballot must be RECEIVED at the following address no later than 5:00 P.M., Eastern Standard time, on _____ ___, 2011:

FOLEY & LARDNER LLP
Attorneys for 12 Byfield, LLC
Debtor and Debtor in Possession
90 Park Avenue
New York, New York 10016
Attention: Richard J. Bernard, Esq.

b. Ballots

A ballot is enclosed herewith as Exhibit F for each holder of a Claim eligible to vote on the Plan, which will serve as the ballot for indicating acceptance or rejection of the Plan pursuant to the requirements of sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018(c).

3. Confirmation of the Plan

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan:

a. Confirmation Hearing

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. The Bankruptcy Court has scheduled the confirmation hearing for _____ ___, 2011 at _____ a.m. in Judge Drain's Courtroom, located at the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601 (the "Confirmation Hearing"). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan, regardless of whether such party is entitled to vote.

b. Objections to Confirmation

The Bankruptcy Court has directed that, on or before 12:00 noon on _____ ___, 2011 any objections to the Plan are required to be in writing and filed with the Bankruptcy Court, and a copy served upon the United States Trustee and counsel for the Debtor. The Bankruptcy Court will schedule a hearing to consider objections to confirmation of the Plan. The Confirmation

Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjourned hearing. While the Debtor anticipates that any hearing to consider objections to the confirmation of the Plan will be held in conjunction with the Confirmation Hearing, there can be no assurance that such will be the case.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **IF AN OBJECTION TO CONFIRMATION IS NOT TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

4. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129(b) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court may enter an order confirming the Plan. These requirements include the following:

a. Best Interests Test

Confirmation of the Plan requires that with respect to each impaired Class of Creditors, each holder of an Allowed Claim in such Class has either accepted the Plan or will receive under the Plan property of a value, as of the Effective Date, that is not less than the amount the holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. It is the Plan Proponent's belief that liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code would result in an unnecessary added administrative cost given the fees due to a trustee under chapter 7 of the Bankruptcy Code, which must be paid before any other unsecured or priority Claim under the Bankruptcy Code. In addition, as detailed in the annexed Liquidation Analysis (see Exhibit E), if the Debtor was liquidated under chapter 7 of the Bankruptcy Code, holders of Unsecured Claims would not receive as substantial a distribution since Administrative

Claims and Secured Claims, including the Secured Claim of Mortgage Options (which, under the Plan, is paid after Allowed Unsecured Claims are paid) are significant and entitled to payment from the Debtor's assets before Unsecured Creditors. Accordingly, holders of Class 5 Unsecured Claims are receiving more under the Plan than such claim holders would receive under chapter 7.

b. Feasibility of the Plan

In order for the Plan to be confirmed, the Bankruptcy Court must determine that it is feasible; *i.e.* that as a practical matter, there are sufficient resources to meet the obligations under the Plan on a timely basis.

In this regard, as stated above, the funds necessary to effectuate the Plan will be derived from the proceeds of the Exit Financing.

The Exit Financing will be in the form of a secured loan from TDC Secured Strategies Fund, LLC secured by a first priority priming lien on the Project in the approximate amount of $3 million for a term of 18 months, with two (2) extension options of three (3) months each. The proceeds of the Exit Financing shall be sufficient to permit the Reorganized Debtor to fund the Initial Distribution, payment of Allowed Administrative Claims (including Professional Fees), payment of Allowed Priority Tax Claims, completion of the Project, USA Bank Interest Payments and carry costs for a reasonable time period to market and sell the Project so as to maximize value. The commitment letter specifying the terms for the Debtor's Exit Financing is attached hereto as Exhibit C. The commitment letter requires the Debtor to obtain Court approval of the Exit Financing by June 13, 2011, i.e. within 45 days of execution of the commitment letter. To the extent that there is a shortfall, the holders of the Equity Interests have agreed to infuse up to an additional $250,000. A copy of the budget (subject to the Exit

Financing Lender's final approval) to complete the Project is annexed to the Disclosure Statement as Exhibit D.

c. Acceptance by Impaired Classes

Section 1129(a)(8) of the Bankruptcy Code generally requires that each impaired Class must accept the Plan by the requisite votes for confirmation to occur. A Class of impaired creditors will have accepted the Plan if at least two-thirds in amount and more than one-half in number of Allowed Claims actually voting in the Class have accepted it.

d. Cramdown

Even though the Plan has not been accepted by all impaired classes, the Plan may nevertheless be confirmed by the Bankruptcy Court pursuant to its "cramdown" powers under section 1129(b) of the Bankruptcy Code if (i) the Plan is accepted by at least one impaired class and the Plan meets all of the other requirements of section 1129(a) of the Bankruptcy Code; (ii) the Plan does not discriminate unfairly; and (iii) the Plan is fair and equitable to the rejecting Classes. The Bankruptcy Court must determine at the Confirmation Hearing whether the Plan is fair and equitable and does not discriminate unfairly against any impaired dissenting Class of Claims. A plan will not discriminate unfairly if no class receives more than it is legally entitled to receive for its Claims and Interests. The meaning of the phrase "fair and equitable" is different when applied to secured claims and unsecured claims.

With respect to a Secured Claim, "fair and equitable" as applicable herein requires that any such Claim Holder retains their respective lien and receives present value interest on account of any deferred payout, equal to the Allowed amount of such Claim. With respect to an Unsecured Claim, "fair and equitable" means either (i) an impaired unsecured creditor receives property of a value equal to the amount of its Allowed Claim, or (ii) the holders of Claims and Interests that are junior to the Claims of the dissenting class will not receive any property under a

plan unless such junior Claim or Interest makes a contribution of sufficient new value under the Plan.

If Claimants do not vote in numbers and amounts sufficient to accept the Plan as proposed, the Debtor will nonetheless seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. At such time the Bankruptcy Court will determine whether, as follows: (i) all of the requirements of section 1129(a) of the Bankruptcy Code have been met; (ii) a class of creditors is receiving more than it is legally entitled for its respective Claims; and (iii) if applicable, whether a dissenting secured class of creditors has retained their respective lien(s) in the Debtor's Assets and is receiving present value interest on account of any deferred payouts equal to the Allowed Amount of such Claim(s). The Debtor believes that in a cram down confirmation, the Plan satisfies the foregoing requirements.

VI. TAX CONSEQUENCES OF THE PLAN

Given both the complexity of federal, state local and foreign tax laws and the interplay between those tax laws and the Bankruptcy Code, each holder of a Claim should consult with its own tax advisor as to the specific tax consequences to such holder of the confirmation and implementation of the Plan, including the application and effect of federal, state, local and foreign tax laws. The Plan Proponent and its attorneys make no representations as to the tax consequences of the Plan.

VII. ALTERNATIVES TO THE PLAN

The alternative to the Plan would be a conversion of the Debtor's case from chapter 11 to chapter 7. However, as stated above, liquidation under chapter 7 would result in an additional layer of administrative expenses, including chapter 7 trustee commissions and fees for professionals retained by the chapter 7 trustee including attorneys, accountants and brokers.

Pursuant to the provisions of the Bankruptcy Code these commissions and fees are required to be paid prior to the general unsecured claims.

Based on the anticipated decrease in the value of the Debtor's Assets in chapter 7, the significant administrative expenses which would result from a conversion to chapter 7, and because Administrative and Secured Claims exceed the value of the assets as detailed above, the Plan Proponent believes that the Plan provides holders of Class 4 and 5 Claims with the best chance of receiving a distribution on account of their respective Allowed Claims.

VIII. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of Debtor' case pursuant to and for the purposes set forth in section 1127(b) of the Bankruptcy Code and, inter alia, for the following purposes:

a. To determine any and all objections to the allowance, classification and/or valuation of Claims or Interests;

b. To determine any and all applications for compensations and reimbursement of expenses for Professional Fees, Administrative Claims and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code;

c. To amend or modify the Plan to remedy any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary or advisable to carry out the purpose and intent of the Plan to the extent authorized by the Bankruptcy Code or the Bankruptcy Rules;

d. To determine any and all controversies and disputes arising under or related to the Plan;

e. To construe and enforce any and all provisions of the Plan;

f. To determine any and all pending applications for the rejection or assumption of executory contracts and unexpired leases under 365 of the Bankruptcy Code to which the Debtor is a party or with respect to which it may be liable, and to hear and determine and, if need be, to liquidate, any and all claims arising therefrom;

g. To determine the validity, priority and extent of liens, Claims and encumbrances upon property of the Estate and to determine any questions and issues regarding title to and interests in any property of the estate and to enter any order, including injunctions, necessary to enforce the title, rights and powers of the Debtor or the debtor in possession;

h. To determine any and all controversies and disputes arising under or related to any settlement of any Adversary Proceeding or contested matter approved by the Bankruptcy Court, either before or after the Confirmation Date;

i. To order the transfer of any Asset of Debtor's estate free and clear of liens, claims and encumbrances, and to effectuate payments under and performance of the provisions of the Plan;

j. To enforce any and all injunctions created pursuant to the terms of the Plan;

k. To enter a Final Order or decree in the Debtor's Reorganization Case; and

l. To determine such other matters as may be provided for in the Plan, Confirmation Order or as may be authorized under the provisions of the Bankruptcy Code or the Bankruptcy Rules.

X. CONCLUSION

This Disclosure Statement was approved by the Bankruptcy Court after a notice and a hearing. The Office of the United States Trustee has reviewed the Plan and this Disclosure Statement but is not otherwise responsible for the contents of either document. The Plan has been negotiated and is proposed by the Debtor. The Debtor believes that the Plan provides creditors with the best opportunity for recovery upon their Claims, and accordingly, recommends that creditors vote to accept the Plan.

BANKRUPTCY COURT APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE BANKRUPTCY COURT APPROVAL OR RECOMMENDATION OF THE MERITS OF THE DEBTOR'S PLAN OF REORGANIZATION.

Dated: New York, New York
May 12, 2011

FOLEY & LARDNER LLP
Attorneys for Debtor

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