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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

56 WALKER LLC,

Chapter 11
Case No. 13-11571 (ALG)

Debtor.

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LIQUIDATING CHAPTER 11 PLAN

56 Walker LLC, the above captioned debtor and debtor-in-possession (the "Debtor") hereby proposes the following Liquidating Chapter 11 Plan pursuant to the provisions of Title 11 of Chapter 11 of the United States Code.

ARTICLE I
DEFINITIONS

For the purposes of this Plan, and the Disclosure Statement filed (or to be filed) in support thereof, the following terms shall have the respective meanings set forth below (such meanings to be equally applicable to the singular and plural forms of the terms defined, unless the context otherwise requires):

1.1 "Administrative Claims" shall mean all costs and expenses of administration of the chapter 11 case Allowed under Sections 503(b) or 330(a) of the Code and that are entitled to priority under Section 507(a)(2) which may include Claims pursuant to Section 506(c) of the

Code.

1.2 "Allowed" shall mean that portion of a Claim or Interest that, (i) has been timely filed with the Bankruptcy Court and is liquidated in amount and has not been objected to; (ii) has been listed by the Debtor in the Schedules as being neither contingent, unliquidated nor disputed; or (iii) has been allowed by a Final Order of the Bankruptcy Court.

1.3 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Southern District of New York, Manhattan Division.

1.4 "Broker" shall mean any duly licensed professional real estate broker, engaged by the Debtor, which engagement has been approved by the Bankruptcy Court pursuant to Section 327(a) of the Code.

1.5 "Claim" is defined in Section 101(5) of the Code, and shall include, without limitation, any claims of whatsoever type or description against the Debtor, any claim for pre-petition interest, post-petition interest or contingent interest, any claim against the Debtor arising out of the rejection of executory contracts, any claim against the Debtor arising from the recovery of property under Sections 550 and 553 of the Code and any claim against the Debtor that does not arise until after the commencement of the chapter 11 case for a tax entitled to priority under Section 507(a) of the Code.

1.6 "Closing Date" shall mean the date upon which the Debtor closes on the sale of the Property pursuant to the Plan.

1.7 "Code" or "Bankruptcy Code" shall mean the Bankruptcy Code, Title 11 U.S.C. Section 101 et. seq. as amended from time to time and applicable to this case.

1.8 "Confirmation Date" shall mean the date upon which the Confirmation Order is

entered by the Bankruptcy Court.

1.9 "Confirmation Order" shall mean the order of the Bankruptcy Court pursuant to Section 1129 of the Code confirming the Plan.

1.10 "Debtor" shall mean 56 Walker LLC.

1.11 "Disbursing Agent" shall mean DelBello Donnellan Weingarten Wise & Wiederkehr, LLP, Debtor's counsel, who shall act in such capacity in order to effectuate the payment of distributions under the Plan.

1.12 "Disputed" shall mean a Claim or Interest, or any portion of a Claim or Interest, that is not Allowed.

1.13 "Distribution Fund" shall mean all of the Debtor's cash on hand, including the net proceeds from the sale of the Property after the payment of all customary and usual costs of closing including, Broker commission, real estate closing attorneys' fees and title charges.

1.14 "Effective Date" shall mean the date upon which the Confirmation Order becomes a Final Order.

1.15 "Final Order" shall mean an order or judgment which has not been stayed and as to which order or judgment the time to appeal or seek review or rehearing has expired and as to which no appeal, petition for review or rehearing is pending.

1.16 "Interest" shall mean the rights of the member of the Debtor.

1.17 "MB Financial" shall mean MB Financial Bank, N.A. as successor to Broadway National Bank.

1.18 "Mechanic's Lien" shall mean a properly filed, statutory lien pursuant to New York State Lien law, filed pre-Petition Date against the Property by a contractor or materialman, which

alleges an unpaid balance due to the holder for work or material provided to or for the Property which resulted in an improvement thereto.

1.19 "Petition Date" shall mean May 13, 2013.

1.20 "Plan" shall mean this Liquidating Chapter 11 Plan and any amendments hereto or modifications hereof made in accordance with the provisions of the Code.

1.21 "Priority Claim" shall mean a Claim, other than an Administrative Claim, that is entitled to priority under Section 507 of the Code.

1.22 "Property" shall mean the Debtor's parcel of improved real property located at 56 Walker Street, New York, New York.

1.23 "Secured Claim" shall mean a Claim that is secured by a lien on property of the Debtor's estate in accordance with §506(a) of the Bankruptcy Code.

1.24 "Schedules" shall mean the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by Section 521 of the Code and Bankruptcy Rule 1007, and all amendments thereto.

1.25 "Unsecured Claim" shall mean any Claim that is not an Administrative Claim, Priority Claim or Secured Claim including, without limitation, Claims based upon pre-petition accounts payable or Claims based upon the rejection of an executory contract during the pendency of the chapter 11 case.

1.26 "Wextrust" shall mean Wexford/ HPC Mortgage Fund LP.

ARTICLE II

DESIGNATION OF CLAIMS AND INTERESTS

All holders of Claims and Interest against the Debtor, of whatever nature, whether or not

scheduled or liquidated, absolute or contingent, whether Allowed or not, shall be bound by the provisions of the Plan and are hereby classified as follows:

Class 1: shall consist of the Allowed Secured Claims of holders of Mechanics Liens.

Class 2: shall consist of the Allowed Secured Claim of MB Financial.

Class 3: shall consist of the Allowed Secured Claim of Wextrust.

Class 4: shall consist of all Allowed General Unsecured Claims.

Class 5: shall consist of the Interest of the Debtor.

In accordance with Section 1123(a)(1) of the Code, Administrative Claims and Priority Claims have not been classified and thus are excluded from the these Classes.

ARTICLE III - TREATMENT OF CLAIMS UNDER THE PLAN

3.1 Satisfaction of Claims. To the fullest extent permitted by Section 1141(a)-(c) of the Bankruptcy Code, the treatment of and consideration to be received by holders of Allowed Claims shall be in full satisfaction their respective Claims against the Debtor.

a) **Allowed Administrative Claims other than Claims of Professionals:** These Allowed Claims shall be paid in the ordinary course and according to the terms and conditions of the respective contracts or law with respect to those Claims.

b) **Allowed Claims of Professionals:** The Debtor has two professionals whose employment has been approved by the Bankruptcy Court; (i) the Debtor's current bankruptcy counsel, DelBello Donnellan Weingarten Wise & Wiederkehr, LLP ("DDWWW") and (ii) Sothebys International Realty Inc., the Debtor's retained real estate Broker ("Broker"). The Allowed Administrative Claims of DDWWW shall be paid in full, in cash, upon the later of (i) allowance by the Court pursuant to Section 330 of the Code or (ii) the Closing Date. The

Allowed Administrative Claim of the Broker shall be paid in full, in cash, on the Closing Date in accordance with the approved engagement agreement previously approved by the Bankruptcy Court.

c) United States Trustee's Fees: Under the Plan, all United States Trustee statutory fees arising under 28 U.S.C. § 1930 and 31 U.S.C. §3717 prior to confirmation shall be payable by the Effective Date. Thereafter such fees shall be paid in full, in cash, in such amount as they are incurred in the ordinary course of business by the Debtor.

d) Allowed Priority Claims: Allowed Priority Claims pursuant to 11 U.S.C. § 507(a)(1), (3)-(8), if any, shall be paid in full, in cash on the Closing Date.

3.2 Class 1: The Allowed Secured Claims of the holders of Mechanic's Liens shall be paid in full on the Closing Date. Such Claims shall incur interest at the New York State statutory rate up to the Petition Date after which time the Claims shall incur interest at the federal judgment rate as of the Petition Date. The Allowed Class 1 Claims are unimpaired and shall not be entitled to vote to accept or reject the Plan.

3.3 Class 2: The Allowed Secured Claim of MB Financial, if any, shall be paid in full, to the extent Allowed, less any payments received during the Chapter 11 case from the rents of the Property, either directly or via the State Court appointed Receiver, and shall be paid on the Closing Date. The Allowed Class 2 Secured Claim, if any, shall accrue interest from the Petition Date through the Closing Date at the default rate of interest provided for in the underlying loan documents. The foregoing notwithstanding, in the event that the Class 4 General Unsecured Creditors are not paid in full, the Class 2 Secured Claim shall accrue post-Petition Date interest

at the non-default rate of interest provided for in the underlying loan documents. The Allowed Class 2 Claim is impaired under this Plan and shall be entitled to vote to accept or reject the Plan.

3.4 Class 3: The Allowed Secured Claim of Wextrust shall be paid in full, to the extent Allowed, together with any post-Petition Date interest at the Federal Judgment Rate, on the Closing Date. The Allowed Class 3 Secured Claim is unimpaired under this Plan and shall not be entitled to vote to accept or reject the Plan.

3.5 Class 4: The Allowed Unsecured Claims shall receive a pro rata portion of the remaining proceeds of the Distribution Fund, if any, up to 100% of the Allowed Class 4 Claim, after payment in full of all Class 1, 2 and 3 Allowed Claims and Allowed Administrative and Priority Claims. Allowed Class 4 Claims shall be paid on the later to occur of (a) the Allowance or dis-Allowance of all Class 1, 2 and 3 Secured Claims and (b) ten (10) business days following the Closing Date. Allowed Class 4 Claims are impaired under this Plan and shall be entitled to vote to accept or reject the Plan.

3.6 Class 5: The Allowed Interest shall receive the remaining proceeds of the Distribution Fund, if any, after the payment of all classified and unclassified Allowed Claims. Class 4 Interest holders are unimpaired and shall not be entitled to vote to accept or reject the Plan.

ARTICLE IV

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

4.1 **Plan Funding.** The Plan shall be funded with the Distribution Fund, which shall be distributed by the Disbursing Agent, within ten (10) days after the closing of the sale of the

Property, as provided for in Article III herein, except that to the extent that a Claim becomes an Allowed Claim after the Effective Date, within ten (10) days after the order allowing such Claim becomes a Final Order.

4.2 **Means For Implementation: Sale.** The Debtor shall continue to market the Property for sale with the assistance of its Broker in order to sell and liquidate the Property for the highest and best price.

(a) Free and Clear of all Liens, Claims and Encumbrances.

The purchaser of the Property shall acquire upon the Property's sale, and the Debtor shall convey all of the right, title and interest that Debtor possesses as of the closing in and to the Property free and clear of all pre-closing liens, Claims, encumbrances, other interests, debts, causes of action, obligations, liabilities, and charges of any kind, nature or description whatsoever, whether fixed or contingent, legal or equitable, perfected or unperfected except as expressly provided in the purchase agreement pursuant to Sections 363(b), (f), (k) and (m) and 1123(b)(4) and 1129 of the Bankruptcy Code (collectively, the "Liens and Claims"). All persons and entities asserting Liens and Claims of any kind or nature whatsoever against or in Debtor or the Property, including but not limited to the Class 1, 2, 3 and 4 Claims, arising under or out of, in connection with, or in any way relating to, Debtor, the Property, or the transfer of the Property to the purchaser, shall be forever barred, estopped, and permanently enjoined from asserting such Liens and Claims against the purchaser, its successors or assigns, its property, or the Property.

(b) Turnover and Release of Property of the Estate Upon Sale.

Upon the Closing Date, all persons or entities who are in possession of any property (personal or real) of the Debtor's estate, including but not limited to the State Court appointed receiver (the "Receiver") currently in possession of certain portions of the Debtor's Property on behalf of MB Financial, shall be required to turn over all such property of the estate to the Debtor, including but not limited to all books and records accounting for such time in which they were in possession. The Debtor shall have no liability whatsoever to any such third party receiver and shall not be responsible for any sums due same.

(c) **Tax Exemption.** This Plan expressly contemplates the sale of the Property on or after the Effective Date. The post-Effective Date sale shall therefore not be taxed under any law imposing a stamp or similar tax as provided for in Section 1146(a) of the Code including (a) the transfer of the Property; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, Lease or sublease; or (d) the making or delivery of any deed or other instrument or transfer under, in furtherance of, or in connection with the Plan. All such transfers, assignments and sales will not be subject to any stamp tax, or other similar tax held to be a stamp tax or other similar tax by applicable law.

ARTICLE V
EXECUTORY CONTRACTS

5.1 All leases and executory contracts to which the Debtor is a party to as of the Petition Date shall be deemed rejected as of the Effective Date.

13.3 Any person or entity whose Claim arises from rejection of an executory contract shall, to the extent such Claim becomes an Allowed Claim, have the rights of a holder of an Unsecured Claim in Class 4 with respect thereto.

13.4 Any person or entity who has a Claim against the Debtor by virtue of rejection of an executory contract may file a Claim with the Clerk of the Court, and service such claim upon counsel for the Debtor within twenty-five days (25) days following entry of the Order confirming the Plan. If such Claim is not filed within such specified time, it shall forever be barred from assertion against the Debtor.

ARTICLE VI
RESOLUTION OF DISPUTED CLAIMS & RESERVES

6.1 Objections. The Debtor or a party in interest shall file all objections to the allowance of any Claims with the Bankruptcy Court, in writing, no later than the Effective Date.

6.2 Amendment of Claims. A Claim may be amended only up to seven (7) days prior to the Confirmation hearing unless agreed upon, in writing, by the Debtor and the holder of such Claim and as approved by the Bankruptcy Court or as otherwise permitted by the Code and Bankruptcy Rules.

6.3 Reserve for Disputed Claims. In the event that a Disputed Claim is not resolved before distributions are made by the Debtor, the Debtor shall reserve, on account of each Disputed Claim, in cash, the amount that would otherwise be distributable to such holder were such Disputed Claim an Allowed Claim. The cash so reserved for the holder of such Disputed Claim, shall be distributed to such holder only after such Disputed Claim becomes a subsequently Allowed Claim. The holder of a subsequently Allowed Claim shall not be entitled to any additional interest on the Allowed Claim, regardless of when distribution thereon is made to or received by such holder. Any balance remaining in reserve after all Disputed Claims have been resolved shall be distributed in accordance with Article III of this Plan.

ARTICLE VII

GENERAL AND MISCELLANEOUS PROVISIONS

7.1 Modification of the Plan. The Debtor reserves the right, in accordance with Section 1127 of the Code, to amend or modify the Plan provided the Bankruptcy Court approves such modification, if required.

7.2 Article and Section References. Unless otherwise specified, all section, article and exhibit references in the Plan are to the respective section in, article of, or exhibit to the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Words denoting the singular number shall include the plural number and vice versa, and words denoting one gender shall include the other gender.

7.3 Payment Dates. If any payment or act under the Plan is required to be made or falls on a date which shall be a Saturday, Sunday or a legal holiday, the making of such payment or performance of such act may be completed on the next succeeding business day, and shall be deemed to have been completed timely.

7.4 Notices. Any notices to be forwarded under the Plan shall be in writing and sent by certified mail, return receipt requested, postage pre-paid; or by overnight mail or hand delivery, addressed as follows:

If to the Debtor:

56 WALKER LLC
56 Walker Street
New York, New York 10003
Attn: Guy Morris

with a copy to:

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
One North Lexington Avenue
White Plains, New York 10601
Attn: Jonathan S. Pasternak, Esq.
Erica Feynman Aisner, Esq.

The Debtor may designate in writing any other address for purposes of this section, which designation shall be effective upon receipt. Any payment required under the Plan shall be deemed to have been paid on the date when such payment is mailed.

7.5 Enforceability. Should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability or operative effect of any and all other provisions of the Plan.

7.6 Applicable Law. Except to the extent that the Code is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York, except to the extent that other provisions of Federal law are applicable.

7.7 Successors and Assigns. The rights and obligations of any entity named or referred to in the Plan shall be binding upon and inure to the benefit of the successors and assigns of such entity.

7.8 Reservation of Rights. Neither the filing of this Plan, nor any statement or provision contained herein, shall be or be deemed to be an admission against interest. In the event that the Effective Date does not occur, neither this Plan nor any statement contained herein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or

outside of this chapter 11 case.

7.9 U.S. Trustee Fees and Post Confirmation Reports. The Debtor shall be responsible for filing post-Confirmation reports with the Bankruptcy Court and the Disbursing Agent shall effectuate payment all quarterly fees required under 28 U.S.C. § 1930 and applicable interest under 31 U.S.C. § 3717, on behalf of the Debtor who shall remain responsible therefor, until the earlier of (a) conversion or dismissal of this chapter 11 case or (b) entry of a final decree closing this chapter 11 case.

ARTICLE VIII
EFFECT OF CONFIRMATION, DISCHARGE,
SURRENDER AND CANCELLATION OF CLAIMS

8.1 No Discharge Under the Plan. Because the Plan contemplates liquidation of the Debtor's assets, the Confirmation Order shall not operate as a discharge pursuant to Section 1141(d)(1) of the Code. The Plan shall be binding on all parties in interest to the fullest extent possibly under Section 1141(a)-(c) of the Code.

8.2 Exculpation. *Neither the Debtor nor any of its respective members, shareholders, officers, directors, employees, attorneys, advisors, agents, representatives and assigns (the "Released Parties") shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with the chapter 11 case or the Plan and any related agreement except for bad faith, willful misconduct, gross negligence, breach*

of fiduciary duty, malpractice, fraud, criminal conduct, unauthorized use of confidential information that causes damages, and/or ultra vires acts. Notwithstanding any other provision hereof, nothing in Sections 8.2 or 8.3 hereof shall (a) effect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including, without limitation, any claim arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Released Parties, nor shall anything in Sections 8.2 or 8.3 hereof enjoin the United States or any state or local authority from bringing any claim, suit, action or other proceedings against any of the Released Parties referred to herein for any liability whatever, including, without limitation, any claim, suit or action arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority, nor shall anything in this Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including liabilities arising under the Internal Revenue Code, the environmental laws or any criminal laws of the United States or any state and local authority against the Parties referred to herein or (b) limit the liability of the Debtor's professionals to the Debtor pursuant to Rule 1.8(h)(1) of the New York Rules of Professional Conduct.

8.3 Confirmation Injunction. *Effective on the Confirmation Date, all persons who have held, hold or may hold Claims or Interests are enjoined from taking any of the following actions against or affecting the Debtor or assets of the Debtor with respect to such Claims, Interests or Administrative Claims, except as otherwise set forth in the Plan, and other than*

actions brought to enforce any rights or obligations under the Plan or appeals, if any, from the Confirmation Order:

(i) Commencing, conducting or continuing in any manner, directly or indirectly, any suit, action, arbitration, or other proceeding of any kind against the Debtor or the assets of the Debtor regarding the Claims or Interests;

(ii) Enforcing, levying, attaching, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order against the Debtor, the assets of the Debtor;

(iii) Creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtor, the assets of the Debtor;

(iv) Asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly, against the Debtor, the assets of the Debtor; and

(v) Proceeding in any manner and any place whatsoever that does not conform to or comply with the provisions of the Plan.

ARTICLE IX
DISTRIBUTIONS AND UNCLAIMED PAYMENTS

Except as otherwise provided herein, in the event any claimant fails to claim any distribution within four (4) months from the date of such distribution, such claimant shall forfeit all rights thereto, and to any and all future payments, and thereafter the Claim for which such cash was distributed shall be treated as a disallowed Claim. Distributions to claimants entitled thereto shall be sent to their last known address set forth on a proof of claim filed with the Bankruptcy Court or, if no proof of claim is filed, on the Schedules filed by the Debtor or to such other address as may be later designated by a creditor in writing to the Disbursing Agent. The

Disbursing Agent and the Debtor shall use their collective best efforts to obtain current addresses for all claimants. The Disbursing Agent shall notify the Debtor of all returned distributions. All unclaimed cash shall be distributed in accordance with Article III of this Plan.

ARTICLE X
POST-CONFIRMATION ACTIVITIES OF THE DEBTOR

10.1 The Debtor shall continue its efforts to market the Property for sale and upon the closing of such sale, the net proceeds thereof shall be distributed in accordance with the terms of this Plan.

10.2 Once the Debtor has liquidated the Property, it shall cause “final” tax returns to be filed with New York State Department of Taxation and Finance as well as the Internal Revenue Service and shall file such additional documents as are necessary to cause the formal dissolution of the Debtor with the New York State, Secretary of State.

ARTICLE XI
EVENTS OF DEFAULT

11.1 An Event of Default shall occur if the Disbursing Agent shall fail to make any payment when due or shall fail to comply with any other material terms of this Plan, and written notice of same has been provided to the Debtor, its counsel and the Bankruptcy Court.

11.2 Following an Event of Default, if such Default has not been cured within ten (10) days thereafter, any holder of a Claim, payment of which is in default, shall have the right to commence an action against the Debtor to compel payment.

ARTICLE XII

RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of the chapter 11 case:

(a) To determine all controversies relating to or concerning the allowance of and/ or distribution on account of such Claims or Interests upon objection thereto which may be filed by any party in interest;

(b) To determine requests for payment of Claims entitled to priority under Section 507(a)(2) of the Code, including any and all applications for compensation for professional and similar fees

(c) To determine any and all applications, adversary proceedings, and contested or litigated matters over which the Bankruptcy Court has subject matter jurisdiction pursuant to 28 U.S.C Sections 157 and 1334;

(d) To determine all Disputed Claims and all Disputed Interests;

(e) To determine requests to modify the Plan pursuant to Section 1127 of the Code or to remedy any defect or omission or reconcile any inconsistencies in this Plan or Confirmation Order to the extent authorized by the Code;

(f) To make such orders as are necessary or appropriate to carry out the provisions of the Plan;

(g) To resolve controversies and disputes regarding the interpretation or enforcement of the terms of the Plan; and

(h) To enter a final decree closing this chapter 11 case.

Dated: New York, New York
August 22, 2013

56 WALKER, LLC

By: /s/ Guy Morris
Guy Morris, Managing Member

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