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11  
12 **UNITED STATES BANKRUPTCY COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**  
14 **LOS ANGELES DIVISION**

15 In re: ) Case No.: 2:11-bk-30070-PC  
16 )  
17 **GOLDENPARK, LLC**, a California limited ) Chapter 11 Case  
18 liability company, )  
19 Debtor and Debtor in Possession, ) **DISCLOSURE STATEMENT**  
20 ) **DESCRIBING DEBTOR'S CHAPTER**  
21 ) **11 PLAN OF REORGANIZATION,**  
22 ) **DATED SEPTEMBER 22, 2011**  
23 )  
24 ) Disclosure Statement Hearing:  
25 ) Date: November 16, 2011  
26 ) Time: 9:30 a.m.  
27 ) Place: Courtroom 1539  
28 ) 255 East Temple Street  
 ) Los Angeles, CA 90012  
 )  
 ) Plan Confirmation Hearing:  
 ) Date: To be scheduled  
 ) Time: To be scheduled  
 ) Place: Courtroom 1539  
 ) 255 East Temple Street  
 ) Los Angeles, CA 90012  
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I.

**INTRODUCTION**

Goldenpark, LLC, is the debtor and debtor in possession (the "Debtor") in the above-captioned chapter 11 bankruptcy case (the "Case"). On May 8, 2011 (the "Petition Date"), the Debtor commenced the Case by filing a voluntary chapter 11 petition under title 11 of the United States Code, sections 101 *et seq.* (the "Bankruptcy Code"). The Debtor continues to operate its business and manage its affairs as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Case.

Chapter 11 allows the Debtor, the creditors and others parties in interest to propose a plan of reorganization. A plan of reorganization may provide for the Debtor to reorganize by continuing to operate, to liquidate by selling assets of the estate, or a combination of both. The Debtor is the party proposing the Debtor's chapter 11 plan of reorganization dated September 22, 2011 (the "Plan") being sent to you in the same envelope as this document. THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT (the "Disclosure Statement") DESCRIBING THE PLAN. The Disclosure Statement is provided to help you understand the Plan. All terms which are not otherwise defined in the Plan shall have the same meaning as such terms are provided in this Disclosure Statement.

The Plan is a reorganizing plan. The principal of the Debtor will infuse approximately \$3.2 million into the Debtor to make all necessary payments on the Effective Date of the Plan, which will, among other things, cure and reinstate the loan with the Debtor's primary secured creditor. Thereafter, the Debtor seeks to accomplish payments under the Plan by using profits from operations of its business. The plan effective date (the "Effective Date") will be the first business day of the first full calendar month that is at least fifteen (15) days following the date of entry of the Court order confirming the Plan (the "Plan Confirmation Order") when and provided that all of the following conditions to the effectiveness of the Plan have been satisfied or waived by the Debtor: (a) there shall not be any stay in effect with respect to the Plan Confirmation Order; (b) the Plan Confirmation Order shall not be subject to any appeal or rehearing; and (c)

1 the Plan and all documents, instruments and agreements to be executed in connection with the  
2 Plan shall have been executed and delivered by all parties to such documents, instruments and  
3 agreements. Following the Effective Date, the Debtor shall be referred to as the "Reorganized  
4 Debtor."

5 **A. Purpose of This Document**

6 This Disclosure Statement summarizes what is in the Plan, and tells you certain  
7 information relating to the Plan and the process the Court follows in determining whether or not  
8 to confirm the Plan.

9 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO**  
10 **KNOW ABOUT:**

- 11 (1) WHO CAN VOTE OR OBJECT,  
12 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim  
13 will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO  
14 WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,  
15 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS  
16 DURING THE BANKRUPTCY,  
17 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER  
18 OR NOT TO CONFIRM THE PLAN,  
19 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND  
20 (6) WHETHER THE PLAN IS FEASIBLE.

21 This Disclosure Statement cannot tell you everything about your rights. You should  
22 consider consulting your own lawyer to obtain more specific advice on how the Plan will affect  
23 you and what is the best course of action for you.

24 Be sure to read the Plan as well as this Disclosure Statement. If there are any  
25 inconsistencies between the Plan and this Disclosure Statement, the Plan provisions will govern.

26 The Bankruptcy Code requires a Disclosure Statement to contain "adequate information"  
27 concerning the Plan. The Bankruptcy Court has approved this document as an adequate  
28



1 Disclosure Statement, containing enough information to enable parties affected by the Plan to  
2 make an informed judgment about the Plan.

3 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

4 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS  
5 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT  
6 YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE  
7 PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTOR AND ON ALL  
8 CREDITORS AND INTEREST HOLDERS IN THIS CASE.

9 1. Time and Place of the Confirmation Hearing

10 The hearing where the Court will determine whether or not to confirm the Plan will take  
11 place on \_\_\_\_\_, 2011 at \_\_\_\_\_, in Courtroom 1539 of the United States  
12 Bankruptcy Court, located at 255 East Temple Street, Los Angeles, California 90012.

13 2. Deadline for Voting for or Against the Plan

14 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot  
15 and return the ballot in the enclosed envelope to David B. Golubchik, Esq., Levene, Neale,  
16 Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd., Suite 1700, Los Angeles, California  
17 90067. Your ballot must be received by 5:00 p.m., Pacific Daylight Saving Time, on  
18 \_\_\_\_\_, 2011 or it will not be counted.

19 3. Deadline for Objecting to the Confirmation of the Plan

20 Objections to the confirmation of the Plan must be filed by \_\_\_\_\_, 2011, with  
21 the Court and served by same day service upon David B. Golubchik, Esq., Levene, Neale,  
22 Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd., Suite 1700, Los Angeles, California  
23 90067, fax: (310) 229-1244, email: [DBG@LNBYB.com](mailto:DBG@LNBYB.com).

24 4. Identity of Person to Contact for More Information Regarding the Plan

25 Any interested party desiring further information about the Plan should contact David B.  
26 Golubchik, Esq. of Levene, Neale, Bender, Yoo & Brill L.L.P., 10250 Constellation Blvd., Suite  
27 1700, Los Angeles, California 90067, Telephone: (310) 229-1234, email: [DBG@LNBYB.com](mailto:DBG@LNBYB.com).

28

1 **C. Disclaimer**

2 The financial data relied upon in formulating the Plan is based on the Debtor's books and  
3 records which, unless otherwise indicated, is unaudited. The information contained in this  
4 Disclosure Statement is provided by the Debtor. The Debtor represents that everything stated in  
5 this Disclosure Statement is true to the Debtor's best knowledge. The Bankruptcy Court has not  
6 yet determined whether or not the Plan is confirmable and makes no recommendation as to  
7 whether or not you should support or oppose the Plan.

8  
9 II.

10 **BACKGROUND**

11 **A. What Follows Is a Brief Summary of the Dates and Circumstances that Led the**  
12 **Debtor to File Its Bankruptcy**

13  
14 The Debtor commenced this case by filing a voluntary petition under Chapter 11 of the  
15 Bankruptcy Code on May 8, 2011. The Debtor continues to operate its business and manage its  
16 financial affairs as a debtor in possession pursuant to 11 U.S.C. §§ 1107 and 1108.

17 The Debtor operates a 171 room hotel located in Norwalk, California (the "Hotel"). As  
18 set forth in **Exhibit "A"** hereto, the value of the Hotel is approximately \$19,500,000. Pursuant  
19 to a franchise agreement with Hilton Worldwide, the Hotel is being operated as a Double Tree  
20 Hotel. The Hotel is a full-service hotel, which includes a business center, 13,000 total square  
21 feet of meeting facilities, fitness center, offices and a restaurant. The Hotel is ideally located  
22 midway between Los Angeles and Orange counties and offers upscale accommodations near  
23 popular Southern California theme parks, such as Disneyland, Universal Studios Hollywood  
24 and Knott's Berry Farm. The Hotel is managed by Hotel Managers Group ("HMG"), which is a  
25 Hilton approved management company. All of the approximately 100 employees that work at  
26 the Hotel are employed directly by HMG; therefore, the Debtor has no employees. HMG  
27 manages the day to day operations of the Hotel for a fee.

28 The Hotel was purchased by the Debtor in 2005. The purchase of the Hotel was funded

1 by a loan in the amount of \$10,690,000 from Hanmi Bank. Dae In Kim is the sole owner and  
2 managing member of the Debtor. At the time the Debtor purchased the Hotel, it was being  
3 operated as a Marriott Hotel. Upon change of ownership of a Marriott Franchise Hotel, the  
4 Marriott Hotel Chain ("Marriott") requires the new owner to implement a product improvement  
5 plan ("PIP") developed by Marriot. Marriott required the Debtor to implement such a plan that  
6 consisted of almost a complete renovation of the Hotel. Therefore, form 2007 through 2009, the  
7 Debtor renovated the Hotel. The renovation was mainly funded by two loans from Wilshire  
8 State Bank ("Wilshire Bank"). The first loan was made on or about February 22, 2008 in the  
9 amount of \$16.9 million and secured by a deed of trust ("Loan One"). The salient terms of Loan  
10 One are as follows: the Debtor was required to make 36 monthly payments in the amount of  
11 \$117,797.43 beginning on March 25, 2008; thereafter, the Debtor was required to make 24  
12 monthly payments in the amount of 120,300.25. The second loan was made on or about April  
13 18, 2008 in the amount of \$1.3 million ("Loan Two").

14 Although the Debtor complied and implemented Marriott's product improvement plan  
15 by undergoing major renovations, the Hotel lost its Marriott franchise flag in February 2010.  
16 Losing the Marriot name caused financial hardship to the Hotel, particularly because with the  
17 loss of the Marriot franchise flag, the Debtor also lost its ability to utilize Marriot's reservation  
18 system. Without the Marriot flag and the use of the reservation system, the Hotel's occupancy  
19 rate dropped to between 15-20% through the summer and fall of 2010. Based on reduced  
20 occupancy, revenue and cash flow suffered, making the Debtor unable to remain current with its  
21 regular obligations to its primary secured creditor at the time, Wilshire Bank.

22 Thereafter, on or about September 29, 2010, the Debtor and Wilshire Bank entered into  
23 a change in terms agreement with respect to Loan One (the "Agreement"). The salient terms of  
24 the Agreement are as follows: the Debtor was required to make three consecutive monthly  
25 payments in the amount of \$55,000 beginning August 25, 2010; thereafter, the Debtor was  
26 required to make four consecutive monthly payments in the amount of \$117,797.42 beginning  
27 on November 25, 2011; and thereafter, the Debtor was required to make 24 consecutive

28

1 monthly payments in the amount of \$121,188.74 beginning on March 25, 2011.

2 The Debtor defaulted under the Agreement when the Debtor made three (3) consecutive  
3 monthly payments in the amount of \$55,000 instead of four (4) payments in the amount of  
4 \$55,000. In other words, the Debtor defaulted in the end of November 2010 because the Debtor  
5 only paid \$55,000 as opposed to the \$121,188.74 that was due under the Agreement.

6 In the beginning of October 2010, the Hotel acquired a Double Tree Hotel franchise  
7 flag. Double Tree Hotels are part of the Hilton Hotel Group. The operation of the Hotel under  
8 the Double Tree franchise flag, and in particular, the use of the Double Tree's reservation  
9 system has caused the occupancy rate of the hotel to steadily rise from approximately 15 - 20%  
10 in September 2010 to approximately 64.5% in April 2011.

11 Moreover, the current franchise agreement requires management of the Hotel through an  
12 independent third party management company approved by Hilton. Based on the foregoing,  
13 since October 2010, the Hotel has been managed by Hotel Management Group, LLC ("HMG"),  
14 a Hilton-approved management company, which is unrelated to the Debtor or its insiders.

15 On or about October 26, 2010, unbeknownst to the Debtor, Wilshire Bank entered into a  
16 Loan Sale Agreement with Urban Common Sycamore ("Urban"), whereby Urban acquired all  
17 of Wilshire Bank's rights and interests in Loan One and Loan Two. Thereafter, pursuant to this  
18 Loan Sale Agreement, on or about December 27, 2010, Wilshire Bank assigned all of its  
19 interests in the deeds of trust it held against the Hotel to Urban.

20 In January 2011, Urban declared the Debtor to be in default under the loan documents.  
21 The Debtor requested that the foreclosure efforts be stayed temporarily pending the  
22 consummation of a sale of the Hotel, which was under contract to a third party for \$24 million.  
23 If closed pursuant to the terms of the sale agreement, the Debtor would receive sufficient funds  
24 to pay all secured and unsecured claims in full. Urban refused and, on March 30, 2011, Urban  
25 filed a complaint for judicial foreclosure, as well as a motion seeking the appointment of a  
26 receiver over the Hotel in Superior Court for the State of California for the County of Los  
27 Angeles. The hearing on Urban's motion to appoint a receiver was scheduled to take place on  
28

1 May 9, 2011. In order to protect the value of the assets of this estate, and to allow the Debtor an  
2 opportunity to consummate a sale for the benefit of all creditors, the Debtor commenced this  
3 case on May 8, 2011.

4 2. Principals of the Debtor's Business

5 Dae In Kim is the 100% member and manager of the Debtor. Moussa Kashani is the  
6 person primarily responsible for the management and operations of the Debtor.

7 3. Management of the Debtor Before and After the Bankruptcy

8 As discussed above, the Hotel is managed by HMG, which is a Hilton-approved  
9 management company. HMG manages the day to day operations of the Hotel for a fee. It is  
10 anticipated that HMG will continue to manage the operations of the Hotel after confirmation of  
11 the Plan, provided that HMG remains a Hilton-approved management company.  
12

13 **B. Events Occurring After Bankruptcy Filing.**

14 1. Employment of Professionals

15 The Debtor filed its Application Of Debtor And Debtor In Possession To Employ  
16 Levene, Neale, Bender, Yoo & Brill L.L.P. As Bankruptcy Counsel. An order granting the  
17 application was entered by the Court on June 23, 2011.

18 The Debtor filed its application to employ HMG as Hotel manager. An order granting  
19 the application was entered by the Court on July 1, 2011.

20 The Debtor filed its application to employ Marcus & Millichap Real Estate Investment  
21 Services ("M&M") as the Debtor's real estate broker to market the Hotel for sale. An order  
22 approving such application was entered by the Court on July 8, 2011.  
23

24 2. Cash Collateral Use

25  
26 On May 11, 2011, the Debtor filed an emergency motion seeking Court authority to use  
27 cash collateral on an interim basis. On May 16, 2011, at the hearing on the Debtor's emergency  
28

1 cash collateral motion, the Court granted the Debtor authority to use cash collateral on an  
2 interim basis pending a final hearing, which the Court scheduled for June 8, 2011. Prior to the  
3 hearing scheduled for June 8, 2011, the Debtor and Urban entered into a stipulation for the use  
4 of cash collateral (the "Stipulation"). The Stipulation was approved by the Court at the hearing  
5 on June 8, 2011. At this time, use of cash collateral runs through November 30, 2011.

6  
7 3. Administrative Matters

8 The Debtor was required to address the various administrative matters attendant to the  
9 commencement of this Case. These matters included the preparation of the Debtor's Schedule of  
10 Assets and Liabilities and Statement of Financial Affairs, and the preparation of the materials  
11 required by the Office of the United States Trustee (the "OUST"), including, without limitation,  
12 the 7-Day Package for the Debtor and monthly operating reports. The Debtor has made every  
13 effort to comply with its duties under 11 U.S.C. Sections 521, 1106 and 1107 and all applicable  
14 OUST guidelines, including the filing of the Debtor's monthly operating reports with the OUST.  
15 The Debtor also attended its initial interview with the OUST, and the meeting of creditors  
16 required under 11 U.S.C. § 341(a).

17  
18 4. Plan Projections

19 Attached to this Disclosure Statement as **Exhibit "B"** are the Debtor's projections for  
20 the life of the Plan.

21  
22 **C. Summary of Plan of Reorganization**

23 The Debtor's sole member, Andy Kim, and an investor by the name of Mehrad Elie  
24 entered into a capital contribution agreement pursuant to which Mr. Elie or his related entities  
25 will provide capital to Mr. Kim with respect to the Debtor and other non-Debtor holdings. Based  
26 on such investment, upon Plan confirmation, Mr. Kim will infuse approximately \$3.2 million  
27 into the estate (the "New Funds"). The infusion of the New Funds will be used to cure and  
28

1 reinstate Urban's debt. Once this occurs, default interest and late fees will no longer be due and  
2 the loans will continue through their contractual maturity dates in 2015. Pursuant to the Plan, the  
3 New Funds will be used to pay secured property tax claims, cure and reinstate Urban loans, pay a  
4 portion of junior secured claim of Kay Nam, pay administrative claims and priority unsecured  
5 claims, with a distribution to general unsecured creditors.

6 Based on full payment of the secured property tax claim, the claim will be unimpaired  
7 and deemed to have accepted the plan. Based on the Debtor's ability to cure and reinstate its  
8 loans with Urban, Urban's secured claims will be unimpaired and deemed to have accepted the  
9 plan. In addition, the Debtor is confident that Kay Nam, as the junior secured creditor, and the  
10 general unsecured creditors will vote to accept the plan. Pursuant to the plan, the \$3.2 million  
11 will be deposited into Debtor's counsel's trust account seven (7) days before the confirmation  
12 hearing so that there will be no issue as to feasibility of such payment. Debtor, therefore,  
13 believes that it has a viable plan which will be confirmed within a reasonable time period. On  
14 the other hand, without the Hotel, there can be no plan and no distribution to creditors.

15  
16 III.

17 **SUMMARY OF THE PLAN**

18 **A. What Creditors and Interest Holders Will Receive Under the Plan**

19 As required by the Bankruptcy Code, the Plan classifies claims and interests in various  
20 classes according to their right to priority. The Plan states whether each class of claims or  
21 interests is impaired or unimpaired. The Plan provides the treatment each class will receive.

22 **B. Unclassified Claims**

23 Certain types of claims are not placed into voting classes; instead they are unclassified.  
24 They are not considered impaired and they do not vote on the Plan because they are  
25 automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such,  
26 the Debtor has not placed the following claims in a class:

27  
28

1                   1.           Administrative Expenses

2           Administrative expenses are claims for costs or expenses of administering the Case that  
3 are allowed under Bankruptcy Code Section 507(a)(1). The Bankruptcy Code requires that all  
4 administrative claims be paid on the Effective Date unless a particular claimant agrees to a  
5 different treatment.

6           The following chart lists all of the Debtor's 11 U.S.C. § 507(a)(1) administrative claims  
7 and their treatment under the Plan:

8

<u>Name</u>	<u>Amount Owed</u>	<u>Treatment</u>
Levene, Neale, Bender, Yoo & Brill L.L.P. ("LNBYB"), the Debtor's bankruptcy counsel	\$100,000 <sup>1</sup> (estimated)	Paid in full from Estate Funds upon the later of (a) confirmation of the Plan; and (b) the date of entry of the order allowing the final fee application.
HMG, Debtor's Hotel Manager	\$0	Paid in ordinary course of business
MEM, Debtor's Real Estate Brokers	\$0	Paid from proceeds of sale, if any.
Clerk's Office Fees	\$0 (estimated)	The Debtor is not aware of any fees presently owed to the Clerk's Office. To the extent such fees will exist on the Effective Date, they shall be paid in full from Estate Funds on the Effective Date.
Office of the U.S. Trustee Fees	\$0 (estimated)	The Debtor is not aware of any fees presently owed to the U.S Trustee. To the extent such fees will exist on the Effective Date, they shall be paid in full from Estate Funds on the Effective Date.
<b>TOTAL</b>	\$100,000 (estimated)	

22

23           Court Approval of Fees Required:

24           The Court must rule on all fees listed in this chart before the fees will be owed, except for  
25 fees owing to the Clerk's Office and U.S. Trustee or fees to be paid from non-Debtor sources.  
26 The professional in question must file and serve a properly noticed fee application, and the Court

27 \_\_\_\_\_  
28 <sup>1</sup> This is an estimate of fees net of retainer received. It is only an estimate and actual fees may be higher or lower.



1 must rule on the application. Only the amount of fees and expenses allowed by the Court will be  
2 owed and required to be paid under the Plan. As discussed in this Disclosure Statement, the  
3 Debtor will have sufficient funds from its continued operations to satisfy the foregoing  
4 administrative claims.

5 2. Priority Tax Claims

6 Priority tax claims are certain unsecured income, employment and other taxes described  
7 by Bankruptcy Code Section 507(a)(8). The Bankruptcy Code requires that each holder of such  
8 a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash  
9 payments, over a period not exceeding five (5) years from the date the bankruptcy petition was  
10 filed.

Claim #	Claimant	Amount	Treatment
2	Internal Revenue Service	\$324,057.72 (Notwithstanding the filing, based on discussions between Debtor and IRS, this claim will be reduced to approx. \$260,000).	Paid in full on the later of (a) Effective Date; and (b) date of final order determining allowance of claim.
9	Franchise Tax Board	\$16,031.52	Paid in full on the later of (a) Effective Date; and (b) date of final order determining allowance of claim.
29	City of Norwalk	\$60,345.62	Paid in full on the later of (a) Effective Date; and (b) date of final order determining allowance

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			of claim.
30	Employment Development Department	\$39,288.52	Paid in full on the later of (a) Effective Date; and (b) date of final order determining allowance of claim.

**C. Classified Claims and Interests**

1. Classes of Secured Claims

Secured claims are claims secured by liens on property of the estate. The following chart lists the classes containing the Debtor's secured pre-petition claims and their treatment under the Plan:

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<u>CLAS</u> <u>S #</u>	<u>DESCRIPTION</u>	<u>INSIDE</u> <u>R</u> <u>(Y/N)</u>	<u>IMPAIRE</u> <u>D</u> <u>(Y/N)</u>	<u>TREATMENT</u>
1	<p>Secured claim of: Los Angeles County Tax Collector</p> <p><u>Collateral description</u> Debtor's interest in the Hotel</p> <p><u>Claim and Lien</u> Priority = First (statutory)</p> <p><u>Collateral value =</u> approx. \$19,500,000</p> <p><u>Amount of Claim =</u> \$760,000 est.</p>	N	N Creditor not entitled to vote and deemed to have accepted Plan	<p>On the Effective Date, Class 1 creditor will receive payment from the New Funds equal to the full amount of its claim, excluding default interest and penalties based on <u>Entz-White</u>. If a dispute exists as to the payoff amount, funds will be held in LNBYB's trust account and released upon entry of a final and non-appealable order allowing the claim.</p> <p>Pending the payment of the claim, the class 1 claim shall continue to retain its lien on the Hotel with the same validity, extent and priority until the obligation hereunder is satisfied.</p> <p>The treatment of the class 1 allowed claim described herein shall be in full settlement and satisfaction of the class 1 allowed claim.</p>

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<u>CLAS</u> <u>S #</u>	<u>DESCRIPTION</u>	<u>INSIDE</u> <u>R</u> <u>(Y/N)</u>	<u>IMPAIRE</u> <u>D</u> <u>(Y/N)</u>	<u>TREATMENT</u>
2	<p>Secured claim of: Urban</p> <p><u>Collateral description</u> Debtor's interest in the Hotel</p> <p><u>Claim and Lien</u> Priority = Second</p> <p><u>Collateral value =</u> approx. \$19,500,000</p> <p><u>Amount of Claim =</u> \$17.2 million per Claim No. 24. However, based on waiver of default interest, late fees and penalties per <u>Entz-White</u>, Debtor estimated that the claim will be approx.. \$16.6 million.</p>	N	N Creditor not entitled to vote and deemed to have accepted Plan	<p>On the Effective Date, Class 2 creditor will receive payment from the New Funds equal to the full amount of all defaults, excluding default interest, late fees and penalties based on <u>Entz-White</u>, which is estimated to be approx.. \$600,000. If a dispute exists as to the payoff amount, funds will be held in LNBYB's trust account and released upon entry of a final and non-appealable order allowing the claim.</p> <p>Based on the foregoing cure, the obligation to Class 2 creditor will be reinstated and the Reorganized Debtor will continue to comply with the provisions of the underlying loan documents, which will be unaffected by the Plan, until loan maturity, which is February 2015.</p> <p>Pending the payment of the claim, the class 2 claim shall continue to retain its lien on the Hotel with the same validity, extent and priority until the obligation hereunder is satisfied.</p> <p>The treatment of the class 2 allowed claim described herein shall be in full settlement and satisfaction of the class 2 allowed claim.</p>

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<u>CLAS</u> <u>S #</u>	<u>DESCRIPTION</u>	<u>INSIDE</u> <u>R</u> <u>(Y/N)</u>	<u>IMPAIRE</u> <u>D</u> <u>(Y/N)</u>	<u>TREATMENT</u>
3	<p>Secured claim of: Urban</p> <p><u>Collateral description</u> Debtor's interest in the Hotel</p> <p><u>Claim and Lien</u> Priority = Third</p> <p><u>Collateral value =</u> approx. \$19,500,000</p> <p><u>Amount of Claim =</u> \$1.34 million per Claim No. 25. However, based on waiver of default interest, late fees and penalties per <u>Entz-White</u>, Debtor estimated that the claim will be approx.. \$1.3 million.</p>	N	N Creditor not entitled to vote and deemed to have accepted Plan	<p>On the Effective Date, Class 3 creditor will receive payment from the New Funds equal to the full amount of all defaults, excluding default interest, late fees and penalties based on <u>Entz-White</u>, which is estimated to be approximately \$40,000. If a dispute exists as to the payoff amount, funds will be held in LNBYB's trust account and released upon entry of a final and non-appealable order allowing the claim.</p> <p>Based on the foregoing cure, the obligation to Class 3 creditor will be reinstated and the Reorganized Debtor will continue to comply with the provisions of the underlying loan documents, which will be unaffected by the Plan, until loan maturity, which is April 2015.</p> <p>Pending the payment of the claim, the class 3 claim shall continue to retain its lien on the Hotel with the same validity, extent and priority until the obligation hereunder is satisfied.</p> <p>The treatment of the class 3 allowed claim described herein shall be in full settlement and satisfaction of the class 3 allowed claim.</p>

CLAS S #	DESCRIPTION	INSIDE R (Y/N)	IMPAIRE D (Y/N)	TREATMENT
4	<p data-bbox="399 296 703 359"><u>Secured claim of:</u> Kay Nam</p> <p data-bbox="399 390 703 485"><u>Collateral description</u> Debtor's interest in the Hotel</p> <p data-bbox="399 516 703 579"><u>Claim and Lien</u> Priority = Fourth</p> <p data-bbox="399 611 703 674"><u>Collateral value =</u> approx. \$19,500,000</p> <p data-bbox="399 705 703 1209"><u>Amount of Claim =</u> \$1.3 million per schedules. Based on valuation of property at \$19,500,000 and deducting senior obligations in Classes 1-3, Class 4 secured claim will be \$840,000, with a deficiency unsecured claim in Class 5 in the amount of \$460,000.</p>	N	Y Creditor is entitled to vote on the Plan	<p data-bbox="1044 321 1502 674">On the Effective Date, Class 4 creditor will receive payment from the New Funds equal to the full amount of the secured claim (\$19,500,000 less senior secured claims). If a dispute exists as to the payoff amount, funds will be held in LNBYB's trust account and released upon entry of a final and non-appealable order allowing the claim.</p> <p data-bbox="1044 705 1502 894">Pending the payment of the claim, the class 4 claim shall continue to retain its lien on the Hotel with the same validity, extent and priority until the obligation hereunder is satisfied.</p> <p data-bbox="1044 926 1502 1083">The treatment of the class 4 allowed claim described herein shall be in full settlement and satisfaction of the class 4 allowed claim.</p>

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Bankruptcy Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in classes. These types of claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claims. The Debtor is not aware of any claims that would qualify as priority unsecured claims under 11 U.S.C. §§ 507(a)(3), (a)(4), (a)(5), (a)(6), or (a)(7). To the best of Debtor's knowledge, no such claims exist in this case.

1           3.       Class of General Unsecured Claims

2           General unsecured claims are unsecured claims not entitled to priority under Bankruptcy  
3 Code Section 507(a). The following chart identifies the Plan's treatment of the class containing  
4 all of the Debtor's general unsecured claims:

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<u>CLAS</u> <u>S#</u>	<u>DESCRIPTION</u>	<u>INSIDE</u> <u>R</u> <u>(Y/N)</u>	<u>IMPAIRE</u> <u>D</u> <u>(Y/N)</u>	<u>TREATMENT</u>
5	<u>Claims:</u> All General Unsecured Claims <u>Amount of Claims =</u> Approximately \$650,000 est.	N	Y  Creditors are entitled to vote on the Plan	Class 5 general unsecured creditors will receive for their allowed claims, the balance of New Funds, after payment of secured claims, administrative claims, priority unsecured claims and cure claims related to assumption of executor contracts. Based on the Debtor's calculations, the Debtor estimates that approximately \$285,000 will remain for distribution to all Class 5 allowed claims on a pro-rata basis. Based on the Debtor's estimation of \$650,000 in Class 5 claims, the Debtor estimates that Class 5 allowed claimholders will receive distributions equal to approximately 43% of their allowed claims. The treatment of holders of class 5 allowed claims described herein shall be in full settlement and satisfaction of all class 5 allowed claims.

21           4.       Class of Equity Holders

22           Interest holders are the parties who hold an ownership interest (i.e., equity interest) in  
23 the Debtor. The following chart identifies the Plan's treatment of the class of interest holders:

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<u>CLAS</u> <u>S#</u>	<u>DESCRIPTION</u>	<u>IMPAIRE</u> <u>D</u> <u>(Y/N)</u>	<u>TREATMENT</u>
6	All Membership Interests in Debtor	Y	Based on the contribution of New Funds, Mr. Kim's current 100% membership interest in the Debtor will be reallocated as follows:  Mr. Kim shall hold 30% membership interest in the Reorganized Debtor.  Mr. Elie or his designee/nominee shall hold 70% membership interest in the Reorganized Debtor.

**D. Means of Effectuating the Plan**

1. Funding for the Plan

It is anticipated that, on the Effective Date, the Debtor will hold approximately \$3.2 million as the contribution of New Funds by Mr. Kim, which will be deposited into LNBYB's trust account seven (7) days before the Plan confirmation hearing. The New Funds will be utilized as follows

Administrative	-	\$ 100,000
Priority Tax	-	\$ 375,664
Cure (Franchise)	-	\$ 190,000
Class 1	-	\$ 760,000
Class 2	-	\$ 600,000
Class 3	-	\$ 40,000
Class 4	-	\$ 840,000
Class 5	-	<u>\$ 285,000</u>
TOTAL	-	\$3,190,664

Based on the foregoing required Plan payments, the Debtor is confident that it will have sufficient cash on hand to make all required Effective Date payments.



1 After the payments on Effective Date, the Debtor's projections, which are attached hereto  
2 as **Exhibit "B"** show that the Debtor will have cash to meet its obligations.

3 2. Post-confirmation Management

4 The Reorganized Debtor's post-confirmation management will be the same as the  
5 Debtor's pre-petition management. It is anticipated that HMG will continue to manage the Hotel  
6 provided that it remains an approved management company by Hilton.  
7

8 3. Disbursing Agent

9 LNBYB shall act as the disbursing agent for the purpose of making all distributions on  
10 the Effective Date of the Plan. The Reorganized Debtor shall act as the disbursing agent for the  
11 purpose of making all other distributions provided for under the Plan. The Disbursing Agent  
12 shall serve without bond and shall not receive any compensation for distribution services  
13 rendered and expenses incurred pursuant to the Plan.  
14

15 4. Objections to Claims

16 Pursuant to 11 U.S.C. § 502(a), any party in interest may assert objections to claims.  
17 Objections to claims shall be filed not later than one hundred and twenty (120) days after the  
18 date of entry of the Plan Confirmation Order. As provided by Section 502(c) of the Bankruptcy  
19 Code, the Court may estimate any contingent or unliquidated disputed claim for purposes of  
20 confirmation of the Plan. The Court shall retain jurisdiction over the Debtor, the Reorganized  
21 Debtor and the Case to resolve such objections to claims following the confirmation of the Plan.  
22

23 Nothing contained in the Plan shall constitute a waiver or release by the Debtor of any  
24 rights of setoff or recoupment, or of any defense, it may have with respect to any claim. The  
25 Reorganized Debtor shall withhold from property to be distributed under the Plan and will place  
26 in reserve a sufficient amount of cash to be distributed on account of claims that are disputed and  
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1 have not been allowed as of the date of distribution to creditors (the "Disputed Claims") of any  
2 particular class as if such claims were allowed in full.

3 5. Interest Pending Allowance of Claims

4 Except as specifically provided for in the Plan, in the Plan Confirmation Order, or in  
5 some other order of the Court, interest shall not accrue on claims and no holder of a claim shall  
6 be entitled to interest accruing on or after the Petition Date on any claim.  
7

8 To the extent the Debtor or any other party in interest objects to the allowance of any  
9 claim, nothing in the Plan or herein shall be deemed to imply or create for the holders of any  
10 Disputed Claims any entitlement to receive interest upon the allowed amount of any such  
11 Disputed Claims as a result, *inter alia*, of the delay in payment of such claims, except as  
12 expressly stated in the treatment pursuant to the Plan.  
13

14 6. Distributions to Be Made Pursuant to the Plan

15 Distributions to be made by the Reorganized Debtor on the Effective Date on account of  
16 any claim shall be made on the Effective Date or as promptly thereafter as practicable.  
17 Distributions to be made by the Reorganized Debtor under the Plan shall be made by check  
18 drawn on a domestic bank or by wire transfer, at the sole election of the Reorganized Debtor.  
19

20 Except as otherwise agreed to by the Reorganized Debtor in writing, distributions to be  
21 made to holders of allowed claims pursuant to the Plan may be delivered by regular mail,  
22 postage prepaid, to the address shown in the Debtor's schedules, as they may from time to time  
23 be amended in accordance with Bankruptcy Rule 1009, or, if a different address is stated in a  
24 proof of claim duly filed with the Court, to such address.

25 Checks issued by the Reorganized Debtor to pay allowed claims shall be null and void if  
26 not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance  
27 of any check shall be made to the Reorganized Debtor by the holder of the allowed claim to  
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1 whom such check originally was issued, prior to the expiration of one hundred and twenty (120)  
2 days from the date of issuance of such check. After such date, the claim shall be deemed  
3 disallowed and the monies otherwise payable on account of such claim shall revert in the  
4 Reorganized Debtor free and clear of all claims and interests.

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6 In connection with the Plan and any instruments issued in connection therewith, the  
7 Reorganized Debtor shall comply with all applicable withholding and reporting requirements  
8 imposed by any federal, state or local taxing authority, and all distributions under the Plan shall  
9 be subject to any such withholding or reporting requirements.

10 7. Avoidance Actions

11 The Debtor is not aware of any payments made during the ninety-day preference period  
12 for non-insiders or the one-year period for insiders which would be clearly avoidable as  
13 preference payments, as the Debtor believes that all such payments would be subject to some  
14 form of ordinary course, contemporaneous exchange or new value defense.

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16 All claims, causes of action and avoidance actions of the Debtor and its estate are  
17 preserved by the Plan, and the Debtor shall have full power and authority to settle, adjust, retain,  
18 enforce or abandon any claim, cause of action or avoidance actions as the representative of the  
19 Debtor's estate under section 1123(b) of the Bankruptcy Code or otherwise, regardless of  
20 whether such claims, causes of action or avoidance actions were commenced prior or subsequent  
21 to the Plan Effective Date.

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23 8. Exculpations and Releases

24 To the maximum extent permitted by law, neither the Debtor, its estate, nor any of their  
25 employees, agents, representatives, or the professionals employed or retained by any of them,  
26 whether or not by Bankruptcy Court order (each, an "Released Person"), shall have or incur  
27 liability to any person or entity for an act taken or omission made in good faith in connection  
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1 with or related to the formulation of the Plan, this Disclosure Statement, or a contract,  
2 instrument, release, or other agreement or document created in connection therewith, the  
3 solicitation of acceptances for or confirmation of the Plan, or the consummation and  
4 implementation of the Plan and the transactions contemplated therein. Each Released Person  
5 shall in all respects be entitled to reasonably rely on the advice of counsel with respect to its  
6 duties and responsibilities under the Plan.  
7

8 9. Injunctions

9 The occurrence of the Effective Date after the entry of the Plan Confirmation Order shall  
10 enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit,  
11 judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged  
12 or terminated pursuant to the Plan.  
13

14 Except as provided in the Plan or the Plan Confirmation Order, as of the Effective Date,  
15 all entities that have held, currently hold or may hold a claim or other debt or liability that is  
16 discharged or an interest or other right of an equity security holder that is terminated pursuant to  
17 the terms of the Plan are permanently enjoined from taking any of the following actions against  
18 the Debtor, its Estate, or their property on account of any such discharged claims, debts or  
19 liabilities or terminated interests or rights: (i) commencing or continuing, in any manner or in  
20 any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in  
21 any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien  
22 or encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against  
23 any debt, liability or obligation due to the Debtor; and (v) commencing or continuing any action  
24 in any manner, in any place that does not comply with or is inconsistent with the provisions of  
25 the Plan.  
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1 By accepting distribution pursuant to the Plan, each holder of an allowed claim or  
2 allowed interest receiving distributions pursuant to the Plan will be deemed to have specifically  
3 consented to the injunctions set forth in this Section.

4 **E. Risk Factors**

5 As discussed above, the Debtor believes that there is no risk of making Effective Date  
6 payments under the Plan. The only risk applies to Plan payments after the Effective Date.  
7

8 The Debtor believes that the Plan has the following risks:

9 The Plan (i.e., payments to Urban) is being funded from the future revenue to be  
10 generated by the Hotel, which necessarily will require the Reorganized Debtor to continue  
11 operating. The Debtor cannot foresee whether events will occur that would disrupt or interfere  
12 with its ability to maintain or improve its operations. The Debtor's projections are based on its  
13 current occupancy rates and its anticipated future based on discussions with management.  
14

15 **F. Other Provisions of the Plan**

16 1. Executory Contracts and Unexpired Leases:

17 **If you are a party to a lease or contract to be assumed and you object to the**  
18 **assumption of your lease or contract, you must file and serve your objection to the Plan**  
19 **within the deadline for objecting to the confirmation of the Plan. If you are a party to a**  
20 **lease or contract to be assumed and you object to the assumption of your lease or contract,**  
21 **or if you dispute the status of the lease as current, or if you dispute the monthly payment**  
22 **amount, you must file and serve your objection to the Plan within the deadline for**  
23 **objecting to the confirmation of the Plan. See Claims Bar Date Notice for the specific date.**  
24

25 i. Assumptions

26 The Debtor is a party to a franchise agreement with Hilton. The Debtor requires the  
27 continuation of the franchise relationship in order to continue operating successfully and comply  
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1 with its obligations under the Plan. As a result, upon Plan confirmation, the Debtor's franchise  
2 agreement with Hilton will be deemed assumed by the Debtor. Based on the Debtor's records,  
3 the "cure" amount associated with such assumption is approximately \$190,000, which will be  
4 paid upon assumption.

5  
6 The Debtor, however, reserves the right to modify the foregoing no later than the hearing  
7 on confirmation of the Plan.

8 ii. Rejections

9 On the Effective Date, executory contracts and unexpired leases which the Debtor did not  
10 specifically assume will be rejected.

11 2. Changes in Rates Subject to Regulatory Commission Approval

12 This Debtor is not subject to governmental regulatory commission approval of its rates.

13 3. Retention of Jurisdiction

14 After confirmation of the Plan and occurrence of the Effective Date, in addition to  
15 jurisdiction which exists in any other court, the Bankruptcy Court will retain such jurisdiction as  
16 is legally permissible including for the following purposes:

17  
18 i. To resolve any and all disputes regarding the operation and interpretation  
19 of the Plan and the Plan Confirmation Order;

20  
21 ii. To determine the validity, classification, or priority of claims and interests  
22 upon objection by the Debtor, the Reorganized Debtor, or by other parties in interest with  
23 standing to bring such objection or proceeding;

24  
25 iii. To determine the extent, validity and priority of any lien asserted against  
26 property of the Debtor or property of the Debtor's estate.

27  
28 iv. To construe and take any action to enforce the Plan, the Plan Confirmation  
Order, and any other order of the Court, issue such orders as may be necessary for the

1 implementation, execution, performance, and consummation of the Plan, the Plan Confirmation  
2 Order, and all matters referred to in the Plan, the Plan Confirmation Order, and to determine all  
3 matters that may be pending before the Court in this Case on or before the Effective Date with  
4 respect to any person or entity related thereto;

5           v. To determine (to the extent necessary) any and all applications for  
6 allowance of compensation and reimbursement of expenses of professionals for the period on or  
7 before the Effective Date;

8           vi. To determine any request for payment of administrative expenses;

9           vii. To determine all applications, motions, adversary proceedings, contested  
10 matters, and any other litigated matters instituted during the pendency of this Case whether  
11 before, on, or after the Effective Date;

12           viii. To determine such other matters and for such other purposes as may be  
13 provided in the Plan Confirmation Order.

14           ix. To modify the Plan under Section 1127 of the Bankruptcy Code in order  
15 to remedy any apparent defect or omission in the Plan or to reconcile any inconsistency in the  
16 Plan so as to carry out its intent and purpose;

17           x. Except as otherwise provided in the Plan or the Plan Confirmation Order,  
18 to issue injunctions to take such other actions or make such other orders as may be necessary or  
19 appropriate to restrain interference with the Plan or the Plan Confirmation Order, or the  
20 execution or implementation by any person or entity of the Plan or the Plan Confirmation Order;

21           xi. To issue such orders in aid of consummation of the Plan or the Plan  
22 Confirmation Order, notwithstanding any otherwise applicable nonbankruptcy law, with respect  
23 to any person or entity, to the fullest extent authorized by the Bankruptcy Code or Bankruptcy  
24 Rules; and  
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1           xii.     To enter a final decree closing this Case.

2     **G.     Tax Consequences of the Plan**

3           The following discussion summarizes certain federal income tax consequences of the  
4 Plan to the Debtor. This summary does not address the federal income tax consequences to  
5 creditors or interest holders. This summary does not address foreign, state or local income tax  
6 consequences, estate or gift tax consequences of the Plan.  
7

8           This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"),  
9 the Treasury Regulations promulgated and proposed thereunder (the "Regulations"), judicial  
10 decisions, and published administrative rulings and pronouncements of the Internal Revenue  
11 Service (the "IRS") currently in effect. These authorities are all subject to change, possibly with  
12 retroactive effect, and any such change could alter or modify the federal income tax  
13 consequences described below.  
14

15           THE TAX CONSEQUENCES TO CREDITORS OR INTEREST HOLDERS MAY  
16 VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH SUCH HOLDER.  
17 CREDITORS MAY RECOGNIZE INCOME OR LOSS AS A RESULT OF THE PLAN. THIS  
18 DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION  
19 CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT  
20 THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE  
21 TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF  
22 ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH CREDITOR IS  
23 STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE  
24 FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE  
25 PLAN.  
26

27           In general, the Debtor does not expect to incur any substantial tax liability as a result of  
28



1 implementation of the Plan.

2       The IRC provides that a debtor in a Chapter 11 bankruptcy case must reduce certain of its  
3 tax attributes by the amount of any cancellation of indebtedness ("COD") income that is realized  
4 as a result of the bankruptcy plan, instead of recognizing the income. COD income is the excess  
5 of the amount of a taxpayer's indebtedness that is discharged over the amount or value of the  
6 consideration exchanged therefore. As a result of the discharge and satisfaction of Claims  
7 pursuant to the Plan, the Debtor will realize some COD income, and, accordingly, the Debtor  
8 will reduce certain tax attributes by the amount of unrecognized COD income.  
9

10       Tax attributes that are subject to reduction include net operating losses, capital losses,  
11 loss carryovers, certain tax credits and, subject to certain limitations, and the tax basis of  
12 property. The reduction of tax attributes occurs after the determination of the Debtor's tax for  
13 the taxable year in which the COD income is realized.  
14

15       Payments of interest, dividends, and certain other payments are generally subject to  
16 withholding unless the payee of such payment furnishes such payee's correct taxpayer  
17 identification number (social security number or employer identification number) to the payor.  
18 The Debtor may be required to withhold the applicable percentage of any payments made to a  
19 holder who does not provide its taxpayer identification number. Backup withholding is not an  
20 additional tax, but an advance payment that may be refunded to the extent it results in an  
21 overpayment of tax.  
22

23       THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF CERTAIN  
24 UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS  
25 NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL.  
26 THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES OF  
27 THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH  
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1 CONSEQUENCES MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES  
2 OF EACH CREDITOR OR INTEREST HOLDER. ACCORDINGLY, EACH CREDITOR IS  
3 STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR  
4 REGARDING THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX  
5 CONSEQUENCES UNDER THE PLAN.  
6

7 IV.

8 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

9 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN  
10 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON  
11 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following  
12 discussion is intended solely for the purpose of alerting readers about basic confirmation issues,  
13 which they may wish to consider, as well as certain deadlines for filing claims. The Debtor  
14 CANNOT and DOES NOT represent that the discussion contained below is a complete summary  
15 of the law on this topic.  
16

17 Many requirements must be met before the Court can confirm the Plan. Some of the  
18 requirements include that the Plan must be proposed in good faith, acceptance of the Plan,  
19 whether the Plan pays creditors at least as much as creditors would receive in a chapter 7  
20 liquidation, and whether the Plan is feasible. These requirements are not the only requirements  
21 for confirmation.  
22

23 A. **Who May Vote or Object**

24 1. **Who May Object to Confirmation of the Plan**

25 Any party in interest may object to the confirmation of the Plan, but, as explained below,  
26 not everyone is entitled to vote to accept or reject the Plan.  
27  
28

1                   2.       Who May Vote to Accept/Reject the Plan

2                   A creditor or interest holder has a right to vote for or against the Plan if that creditor or  
3 interest holder has a claim which is both (1) allowed or allowed for voting purposes, and (2)  
4 classified in an impaired class.

5                                   a)       What Is an Allowed Claim/Interest

6                   As noted above, a creditor or interest holder must first have an allowed claim or interest  
7 to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party  
8 in interest brings a motion objecting to the claim. When an objection to a claim or interest is  
9 filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court,  
10 after notice and hearing, either overrules the objection or allows the claim or interest for voting  
11 purposes.  
12

13                                   **THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE HAS NOT**  
14 **BEEN SET. A creditor or interest holder may have an allowed claim or interest even if a**  
15 **proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is**  
16 **scheduled on the Debtor's schedules and such claim is not scheduled as disputed,**  
17 **contingent, or unliquidated, and (2) no party in interest has objected to the claim. An**  
18 **interest is deemed allowed if it is scheduled and no party in interest has objected to the**  
19 **interest.**  
20

21                                   b)       What Is an Impaired Claim/Interest

22                   As noted above, an allowed claim or interest only has the right to vote if it is in a class  
23 that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or  
24 contractual rights of the members of that class. For example, a class comprised of general  
25 unsecured claims is impaired if the Plan fails to pay the members of that class 100% of what they  
26 are owed.  
27  
28

1 In this Case, the Debtor believes that holders of claims in classes 4 and 5 are impaired  
2 and equity holders in Class 6 are also impaired. Holders of claims in classes 4, 5 and 6 are  
3 entitled to vote to accept or reject the Plan. Based on the fact that classes 1, 2 and 3 are  
4 unimpaired, they are deemed to have accepted the Plan and thus do not vote. Parties that dispute  
5 the Debtor's characterization of their claims or interests as being impaired or unimpaired may  
6 file an objection to the Plan and contend that the Debtor has incorrectly characterized the class.  
7

8 3. Who Is Not Entitled to Vote

9 The following four types of claims are not entitled to vote: (1) claims that have been  
10 disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to  
11 Bankruptcy Code Sections 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not  
12 receive or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote  
13 because such classes are deemed to have accepted the Plan. Claims entitled to priority pursuant  
14 to Bankruptcy Code Sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such  
15 claims are not placed in classes and they are required to receive certain treatment specified by the  
16 Bankruptcy Code. Claims in classes that do not receive or retain any value under the Plan do not  
17 vote because such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF  
18 THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE  
19 CONFIRMATION OF THE PLAN.  
20  
21

22 4. Who Can Vote in More Than One Class

23 A creditor whose claim has been allowed in part as a secured claim and in part as an  
24 unsecured claim is entitled to accept or reject the Plan in both capacities by casting one ballot for  
25 the secured part of the claim and another ballot for the unsecured claim.  
26

27 5. Votes Necessary to Confirm the Plan

28 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one

1 impaired class has accepted the Plan without counting the votes of any insiders within that class,  
2 and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be  
3 confirmed by “cramdown” on non-accepting classes, as discussed later in Section IV.A.8.  
4 Debtor will not seek cramdown on any class of creditors.

5  
6 6. Votes Necessary for a Class to Accept the Plan

7 A class of claims is considered to have accepted the Plan when more than one-half (1/2)  
8 in number and at least two-thirds (2/3) in dollar amount of the claims which actually voted, voted  
9 in favor of the Plan. A class of interests is considered to have accepted the Plan when at least  
10 two-thirds (2/3) in amount of the interest-holders of such class which actually voted, voted to  
11 accept the Plan.

12  
13 7. Treatment of Nonaccepting Classes

14 As noted above, even if all impaired classes do not accept the Plan, the Court may  
15 nonetheless confirm the Plan if the nonaccepting classes are treated in the manner required by  
16 the Bankruptcy Code. The process by which nonaccepting classes are forced to be bound by the  
17 terms of the Plan is commonly referred to as “cramdown.” The Bankruptcy Code allows the  
18 Plan to be “crammed down” on nonaccepting classes of claims or interests if it meets all  
19 consensual requirements except the voting requirements of 1129(a)(8) and if the Plan does not  
20 “discriminate unfairly” and is “fair and equitable” toward each impaired class that has not voted  
21 to accept the Plan as referred to in 11 U.S.C. § 1129(b) and applicable case law.

22  
23 8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)

24 The Debtor requests that the Court confirm the Plan and cramdown the Plan on any and  
25 all impaired classes that do not vote to accept the Plan.

26 **B. Liquidation Analysis**

27  
28

1 Another confirmation requirement is the “Best Interest Test”, which requires a liquidation  
2 analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and  
3 that claimant or interest holder does not vote to accept the Plan, then that claimant or interest  
4 holder must receive or retain under the Plan property of a value not less than the amount that  
5 such holder would receive or retain if the Debtor was liquidated under chapter 7 of the  
6 Bankruptcy Code.  
7

8 In a chapter 7 case, the Debtor’s assets are usually sold by a chapter 7 trustee. Secured  
9 creditors are paid first from the sales proceeds of properties on which the secured creditor has a  
10 lien. Administrative claims are paid next. Next, unsecured creditors are paid from any  
11 remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same  
12 priority share in proportion to the amount of their allowed claim in relationship to the amount of  
13 total allowed unsecured claims. Finally, interest holders receive the balance that remains after all  
14 creditors are paid, if any.  
15

16 For the Court to be able to confirm the Plan, the Court must find that all creditors and  
17 interest holders who do not accept the Plan will receive at least as much under the Plan as such  
18 holders would receive under a chapter 7 liquidation. The Debtor maintains that this requirement  
19 is met here for the reasons discussed below.  
20

21 If this Case was converted to a chapter 7 case, a chapter 7 trustee would be appointed to  
22 market and sell the Property. The Property is valued at \$19,500,000. After an 8% reduction for  
23 cost of sale, the net proceeds to the estate would be approximately \$17,940,000. After deducting  
24 secured claims from the foregoing amount, nothing remains for payment of unsecured claims  
25 (administrative, priority and general unsecured). There would also be insufficient funds to make  
26 any distribution to the junior secured claim of Kay Nam.  
27  
28

1 Even if there were enough to pay the secured creditors in full, the sale would have to fund  
2 the fees and expenses of a chapter 7 trustee in liquidation, which probably would be  
3 \$1,000,000.00, which would be in addition to chapter 11 professional fees of \$100,000.00.

4 In contrast, here, the Plan will pay the secured creditor, administrative claims, and  
5 unsecured creditors immediately upon Plan confirmation. Clearly, creditors would not do better  
6 through a liquidation as compared to the Plan.  
7

8 **C. Feasibility**

9 Another requirement for confirmation involves the feasibility of the Plan, which means  
10 that confirmation of the Plan is not likely to be followed by the liquidation, or the need for  
11 further financial reorganization, of the Debtor or any successor to the Debtor under the Plan,  
12 unless such liquidation or reorganization is proposed in the Plan.  
13

14 There are at least two important aspects of a feasibility analysis. The first aspect  
15 considers whether the Debtor will have enough cash on hand on the Effective Date to pay all the  
16 claims and expenses which are entitled to be paid on such date.

17 As discussed above, on the Effective Date, the Debtor will hold \$3.2 million in New  
18 Funds. The New Funds will be deposited into LNBYB's trust account seven (7) days before Plan  
19 confirmation. As a result, there is no issue as to feasibility of Effective Date payments.  
20

21 The second aspect considers whether the Reorganized Debtor will have enough cash over  
22 the life of the Plan to make the required Plan payments. The only Plan payments after the  
23 Effective Date will be loan payments to Urban on account of Class 2 and Class 3 claims. The  
24 Debtor's projections, which are attached hereto as **Exhibit "B"** show that the Debtor will have  
25 cash to meet its obligations.  
26  
27  
28

V.

**EFFECT OF CONFIRMATION OF PLAN**

**A. Discharge**

Subject to the provision below, confirmation shall bind the Debtor, all creditors, and other parties in interest to the provisions of the Plan whether or not the claim of such creditor is impaired under the Plan and whether or not such creditor has accepted the Plan.

Except as otherwise provided herein or in the Plan Confirmation Order, on the Effective Date, to the extent applicable, the Debtor will be discharged from any debt that arose before confirmation of the Plan, and any debt of a kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code whether or not a proof of claim based on such debt was filed or deemed filed under Section 501 of the Bankruptcy Code, such claim was allowed under Section 502 of the Bankruptcy Code or the holder of such claim accepted the Plan.

Subject to the provision below, nothing contained herein shall limit the effect of confirmation as described in Sections 524 and/or 1141 of the Bankruptcy Code, and on the Effective Date, the Debtor shall be deemed discharged and released to the fullest extent permitted by Section 1141 of the Bankruptcy Code.

Subject to the provision below, on or after the Effective Date, all parties that have held, currently hold, or may hold a claim discharged pursuant to the terms of the Plan shall be permanently enjoined by Section 524 of the Bankruptcy Code from taking any of the following actions on account of any such discharged claim: (a) commencing or continuing in any manner any action or other proceeding against the Reorganized Debtor, (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Reorganized Debtor, provided, however, that the foregoing injunction shall not apply to bar any claim of recoupment or setoff, (c) creating, perfecting, or enforcing any lien or encumbrance



1 against the Reorganized Debtor, and (d) commencing or continuing any action, in any manner, in  
2 any place, that does not comply with or is inconsistent with the provisions of the Plan or the Plan  
3 Confirmation Order. Any person violating such injunction may be liable for actual damage,  
4 including costs and attorneys' fees and, in appropriate circumstances, punitive damages.

5  
6 **B. Revesting of Property in the Reorganized Debtor**

7 Except as provided elsewhere herein, the confirmation of the Plan reverts all of the  
8 property of the estate in the Reorganized Debtor. In addition, on the Effective Date, all of the  
9 claims against and/or interests in third parties that constitute property of the estate shall be  
10 revested in the Reorganized Debtor. Following the Effective Date, the Reorganized Debtor shall  
11 have absolute authority to prosecute, waive, adjust or settle any claims without the need for  
12 approval by the Court. Following the Effective Date, the Reorganized Debtor shall have the  
13 authority to employ such professionals as it deems necessary to prosecute or defend such claims  
14 asserted without the need for Court approval.

15  
16 **C. Default**

17 Except as otherwise provided herein or in the Plan Confirmation Order, in the event that  
18 the Reorganized Debtor defaults in the performance of any of its obligations under the Plan and  
19 shall not have cured such a default within thirty (30) days after receipt of written notice of  
20 default from the creditor to whom the performance is due, then the entity or individual to whom  
21 the performance is due may pursue such remedies as are available at law or in equity. An event  
22 of default occurring with respect to one claim shall not be any event of default with respect to  
23 any other claim.

24  
25 **D. Modification of Plan**

26 The Debtor may modify the Plan at any time before confirmation. However, the Court  
27 may require a new disclosure statement and/or re-voting on the Plan. The Debtor may also seek  
28

1 to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially  
2 consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

3 **E. Post-Confirmation Status Report**

4 Within 120 days following the entry of the Plan Confirmation Order, the Reorganized  
5 Debtor shall file a status report with the Court explaining what progress has been made toward  
6 consummation of the confirmed Plan. The status report shall be served on the United States  
7 Trustee, the twenty largest unsecured creditors, and those parties who have requested special  
8 notice after the Effective Date. Further status reports shall be filed every 120 days and served on  
9 the same entities.  
10

11 **F. Post-Confirmation Conversion/Dismissal**

12 A creditor or party in interest may bring a motion to convert or dismiss the Case under §  
13 1112(b) after the Plan is confirmed if there is a default in performing the Plan. If the Court  
14 orders the Case converted to Chapter 7 after the Plan is confirmed, then all property that had  
15 been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will  
16 re-vest in the Chapter 7 estate. The automatic stay will be re-imposed upon the re-vested  
17 property, but only to the extent that the Court did not previously authorize relief from stay during  
18 the Case. The Plan Confirmation Order may also be revoked under very limited circumstances.  
19 The Court may revoke the Plan Confirmation Order if the Plan Confirmation Order was procured  
20 by fraud and if the party in interest brings an adversary proceeding to revoke confirmation within  
21 180 days after the entry of the Plan Confirmation Order.  
22  
23

24 **G. Post-Confirmation U.S. Trustee Fees**


25 The Reorganized Debtor shall be responsible for the timely payment of all fees incurred  
26 after the Effective Date pursuant to 28 U.S.C. § 1930(a)(6).  
27  
28

1 **H. Final Decree**

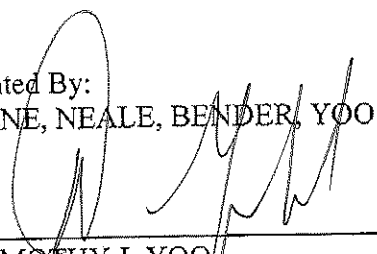
2           Once this estate has been fully administered as referred to in Bankruptcy Rule 3022, the  
3 Reorganized Debtor or other party as the Court shall designate in the Plan Confirmation Order  
4 shall file a motion with the Court to obtain a final decree to close the Case.  
5

6 Dated: September 22, 2011

GOLDENPARK, LLC

7  
8   
9 By: Dae In Kim  
Its: Managing Member

10  
11 Presented By:  
12 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.

13 By:   
14 TIMOTHY J. YOO  
15 DAVID B. GOLUBCHIK  
16 LINDSEY L. SMITH  
17 LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.  
18 Attorneys for Chapter 11 Debtor and Debtor in Possession  
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