

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF COLORADO**

In re

HAIMARK LINE, LTD.,
EIN: 46-5744608

Debtor.

Case No. 15-22180-JGR

Chapter 11

**DISCLOSURE STATEMENT
FOR CHAPTER 11 PLAN OF LIQUIDATION OF HAIMARK LINE, LTD.**

Steven E. Abelman, Esq.
Samuel M. Kidder, Esq.
BROWNSTEIN HYATT FARBER SCHRECK, LLP
410 17th Street, Suite 2200
Denver, Colorado 80202
Telephone: (303) 223-1100
Facsimile: (303) 223-1111

Attorneys for the Debtor

Dated: December 20, 2016

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
A. Overview	1
B. Disclaimers and Limitations	1
C. Brief Explanation of Chapter 11	2
D. Definitions	2
1. Defined Terms In the Plan	2
2. Other Terms	2
3. Exhibits	2
E. Classification and Treatment of Claims	2
F. Parties Entitled to Vote on the Plan	3
G. Voting Procedures and Confirmation Hearing	4
H. Effect of Confirmation of the Plan	4
I. Approval of the Disclosure Statement	4
II. HISTORY AND ORGANIZATION OF THE DEBTOR	4
A. History of the Debtor's Business	4
B. Debtor's Assets	6
1. Accessible Cash	6
2. Restricted Accounts	7
3. Estate Causes of Action	8
C. Description of Outstanding Claims	9
D. Significant Events in the Chapter 11 Case	10
III. DESCRIPTION OF THE PLAN	12
A. Description of the Plan and Means of Implementation	12
1. Overview	12
2. Treatment of Claims and Equity Interests	12
a. Unclassified Claims	12
b. Classified Claims	12
i. Class 1: Priority Non-Tax Claims	12
ii. Class 2: Centennial Secured Claim	13
iii. Class 3: General Unsecured Claims	13
iv. Class 4: Equity Interests	14
B. Sources of Information for Disclosure Statement; Financial Reporting	14
C. Feasibility and Distributions to Creditors	14
D. Federal Income Tax Consequences to Creditors	14
IV. PLAN ADMINISTRATOR	15
A. Appointment	15
B. Powers and Duties	15
C. Causes of Action	16
D. Exculpation for the Plan Administrator	16

TABLE OF CONTENTS
(continued)

	Page
E. Termination of Appointment of Plan Administrator	17
V. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	17
A. Assumption or Rejection of Executory Contracts and Unexpired Leases.....	17
B. Claims Based on Rejection of Executory Contracts or Unexpired Leases.....	17
VI. MISCELLANEOUS PLAN PROVISIONS	17
A. No Discharge	17
B. Exculpation	17
C. Post-Effective Date Fees and Expenses.....	18
D. Post-Effective Date Statutory Fees	18
E. Objections to Claims and Settlements	18
F. Compromise and Settlement of Claims and Controversies	18
G. Release of Liens in Cash.....	19
H. Other Provisions.....	19
VII. RISK FACTORS	19
VIII. LIQUIDATION ALTERNATIVE AND POTENTIAL PLAN RECOVERY	20

I. INTRODUCTION

A. Overview

Haimark Line, Ltd. (the “**Debtor**”) hereby submits this disclosure statement (“**Disclosure Statement**”) pursuant to 11 U.S.C. § 1125.

The purpose of this Disclosure Statement is to provide information allowing the Creditors of the Debtor to make an informed vote on the Chapter 11 Plan of Liquidation of Haimark Line, Ltd., attached hereto as **Exhibit A** (the “**Plan**”). This Disclosure Statement describes the Plan and explains the Debtor’s pre-bankruptcy operating and financial history, the events leading up to the commencement of this Chapter 11 case, significant events during the case, and the anticipated results if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of confirmation of the Plan, certain alternatives to the Plan and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of claims entitled to vote under the Plan must follow for their votes to be counted.

The Plan is straightforward and comparatively simple. The Debtor no longer maintains ongoing business operations and has resolved its dispute with Clipper Cruises, Ltd., pursuant to a Court-approved Settlement Agreement. The Debtor’s assets consist primarily of (i) Cash held in its operating account and (ii) rights to residual Cash held in Restricted Accounts, to which the Debtor does not have access as of the date hereof. Under the Plan, a Plan Administrator will be appointed to review, analyze, and object to claims, make Distributions to Creditors, and wind-down the Estate. The Plan Administrator will also liquidate the Debtor’s rights in the Restricted Accounts, to the extent such funds have not been released to the Debtor prior to the Effective Date. All Cash on hand and Cash that is released from the Restricted Accounts will be Distributed as set forth in the Plan.

B. Disclaimers and Limitations

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances of, and obtaining confirmation of, the Plan and may not be relied upon for any other purpose.

Creditors should note that amendments beneficial to one or more Classes of Claims without further impairment of other Classes may be made to the Plan prior to Confirmation. Amendments of that nature may be approved by the Bankruptcy Court at the Confirmation Hearing without re-solicitation of Creditors.

The descriptions of the Plan contained in this Disclosure Statement are summaries and are qualified in their entirety by reference to the Plan. Each creditor is encouraged to analyze the terms of the Plan carefully.

The statements contained in this Disclosure Statement are believed to be accurate as of the date of its filing unless another time is specified in the Disclosure Statement. They should not be construed as implying that there has been no change in the facts set forth since the date the

Disclosure Statement was prepared and the materials relied upon in preparation of the Disclosure Statement were compiled. Counsel for the Debtor makes no representation as to the accuracy of the information contained in this Disclosure Statement.

This Disclosure Statement has been neither approved nor disapproved by the Securities and Exchange Commission (the “SEC”) or any state securities regulator, and neither the SEC nor any state securities regulator has passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement.

C. Brief Explanation of Chapter 11

The commencement of a bankruptcy case creates an estate composed of all the legal and equitable interests of the Debtor as of the date it files for bankruptcy protection. The Debtor filed its petition for chapter 11 relief on October 30, 2015 (the “**Petition Date**”). In a chapter 11 case, a debtor may continue to operate its business and remain in possession of its property as a “debtor-in-possession” unless the Bankruptcy Court orders the appointment of a trustee. The principal purpose of a chapter 11 case is to permit the debtor to reorganize its business or liquidate its assets. To further that interest, the debtor or a party in interest will submit a plan as a proposal for ultimately satisfying the claims against the debtor.

D. Definitions

1. Defined Terms In the Plan. Various terms are defined in Article II of the Plan. These defined terms are also used in the Disclosure Statement and have the same meaning in this Disclosure Statement as set forth in the Plan.

2. Other Terms. The words “herein,” “hereof,” “hereto,” “hereunder,” and others of similar inference refer to the Disclosure Statement as a whole and not to any particular section, subsection, or clauses contained in the Disclosure Statement unless otherwise specified herein. A term used herein or elsewhere in the Disclosure Statement that is not defined herein or in the Plan shall have the meaning ascribed to that term, if any, in the Bankruptcy Code or the Bankruptcy Rules. The headings in the Plan are only for convenience of reference and shall not limit or otherwise affect the provisions of the Plan.

3. Exhibits. All exhibits to the Plan and Disclosure Statement are incorporated into and are a part of the Plan and Disclosure Statement as if set forth in full herein.

E. Classification and Treatment of Claims

Class	Status	Treatment under Plan	Estimated Distribution
Class 1 Priority Non-Tax Claims	Impaired	Except to the extent that a holder of an Allowed Priority Non-Tax Claim has agreed to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Claim, cash in an amount equal to the Allowed	100%

		amount of such Claim, with such Distribution to be made as soon as practicable after the later of (i) the Effective Date, or (ii) the date on which such Claim becomes an Allowed Priority Non-Tax Claim.	
Class 2 Centennial Secured Claim	Impaired	Centennial shall retain a first priority lien and security interest in the CD and proceeds thereof. To the extent Centennial accrues a Claim against the Debtor for processing charge-backs and/or for attorneys' fees associated therewith, Centennial shall be paid in full in cash as soon as practicable after Centennial presents evidence acceptable to the Plan Administrator confirming that Centennial has accrued such Claim.	100%
Class 3 General Unsecured Claims	Impaired	Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Claim, and subject to section 5.03(b) below, its pro rata share of Cash held by the Estate after (i) payment on account of claims specified in Article III of this Plan, (ii) payment on account of Allowed Claims in Class 1 and Class 2, and (iii) satisfaction of and reservation for any remaining expenses of the Estates, including any Professional Fees and Post Effective Date Fees and Expenses. The timing and amount of Distributions to Holders of Allowed Class 3 Claims shall be made in the Plan Administrator's discretion and shall be subject to the reserve procedures for Disputed Claims, as set forth in Section 5.03 of the Plan.	40-60%
Class 4 Equity Interests	Impaired	All Equity Interests will be cancelled and of no further force and effect.	0%

The estimated Distributions set forth above are based upon the Debtor's estimates of the Allowed Claims in each class. There is no guaranty that each Class will receive the Distribution estimated above.

F. Parties Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on the Plan. Creditors whose Claims are not impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Classes that receive or retain nothing under the Plan are deemed to reject the Plan and are not entitled to vote.

Under the Plan, only the Holders of Claims or Interests in Class 1, Class 2, and Class 3 are entitled to vote on the Plan. Class 4 is deemed to reject the Plan.

G. Voting Procedures and Confirmation Hearing

After approval of the Disclosure Statement by the Bankruptcy Court, Creditors will have an opportunity to vote on the Plan. Voting will be by Class, as set forth in the Plan and described later in this Disclosure Statement. For classes containing more than one Claim, a Class is deemed to have accepted the Plan if at least one-half of the Creditors in number holding at least two-thirds of the aggregate amount of Claims voting elect to accept the Plan.

If you are entitled to vote to accept or reject the Plan, a ballot is enclosed for the purpose of voting on the Plan. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. For your vote to be counted, you must complete and sign your original Ballot and return it by _____, 2017, which is the last date set by the Court to vote on the Plan.

The Bankruptcy Court has set a hearing on Confirmation of the Plan and to consider objections to Confirmation, if any, for _____, 2017, at _____. The Confirmation hearing will be held at the United States Bankruptcy Court for the District of Colorado, U.S. Custom House, Courtroom C, 721 19th Street, Denver, Colorado 80202. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code.

H. Effect of Confirmation of the Plan

Confirmation of the Plan makes the Plan and its provisions binding on the Debtor, all Creditors, all Holders of Equity Interests, and all other parties in interest, regardless of whether they have accepted or rejected the Plan. As a result, Creditors may receive payment on their claims only in accordance with the Plan. If confirmed, the Effective Date of the Plan will be the 14th day after entry of the Confirmation Order, unless such order is the subject of a stay.

I. Approval of the Disclosure Statement

A decision by the Bankruptcy Court to approve this Disclosure Statement under Bankruptcy Code section 1125 is a finding that the Disclosure Statement contains information of a kind and in sufficient detail to enable a reasonable, hypothetical investor typical of holders of impaired claims to make an informed judgment about the Plan and is not a recommendation by the Bankruptcy Court either for or against the Plan.

II. HISTORY AND ORGANIZATION OF THE DEBTOR

A. History of the Debtor's Business

1. Organizational Structure

The Debtor is a Colorado limited liability company. The Debtor was formed on May 21, 2014, with its principal offices located at 1538 Cole Boulevard, Lakewood, Co. 80401.

Haimark Line Acquisition Corp. acquired 100% of the membership interests in the Debtor from the Debtor's founding members on or about January 19, 2016, several months after the Debtor filed its bankruptcy petition. VC2 Capital Corp., a California-based investment firm, is the majority owner of Haimark Line Acquisition Corp.

2. Description of the Debtor's Business¹

The Debtor was organized in May 2014 with the purpose of being the first cruise line to sail from Miami to Cuba in the winter season and to sail the Great Lakes in the summer season. The Debtor did not own any ships, but was responsible for chartering a ship, and all technical and hospitality crew from third parties.

The Debtor's business model required it to sell the inventory of cabins on the chartered ship to other tour agencies and individuals at a price and occupancy rate to generate a profit. Administrative and marketing services were provided by Haimark Ltd., which was paid quarterly for its services. The Debtor used the advanced deposits from customers to fund, among other things, the capital requirements of the business. The Debtor had no lines of credit or other funded debt.

Debtor entered into a Time Charter Party Agreement ("**Charter Agreement**") dated July 22, 2014, to charter the MIV Sea Voyager, renamed the Saint Laurent, (the "**Ship**") from the ship owner Clipper Cruises, Ltd. ("**Clipper**"). The initial term was for 60 months beginning May 14, 2015. In addition to the Ship, Clipper was required to provide and maintain a seaworthy vessel, including a competent captain and crew, who were "solely responsible" (on behalf of Clipper), for the management, handling, safety and navigation of the vessel and to provide and maintain a vessel with all the equipment and systems on board in good and functioning order. Fleet-Pro (a partner company of Clipper) provided all hospitality services per the Charter Agreement. The Ship had a capacity of 110 passenger cabins and 220 passenger beds in addition to the crew's quarters.

Shortly after the Debtor signed the Charter Agreement with Clipper, the Debtor began marketing the cruises for sale to other cruise companies including but not limited to Vantage, Rivages du Monde, Road Scholar, Go-Next and others, as well as to travel agents and individual travelers. To place a reservation, the customer was required to place one or more deposit prior to the departure date so that all departures were paid in full in advance. Customers paid deposits to the Debtor by check, wire, and credit card. These deposits were used by the Debtor to fund the deposit requirements under the Charter Agreement, required escrow deposits, and all other expenses of the Debtor.

All domestic departures were regulated by the Federal Maritime Commission ("**FMC**"). All deposits associated with domestic departures were required to be deposited into FMC escrow

¹ The Debtor ceased all business operations in the spring of 2016. The following summary of the Debtor's former business operations is provided for informational purposes.

accounts to secure these deposits. Similarly, certain large customers required separate escrow accounts to secure deposits for customers chartering from the Debtor for non-U.S. departures.

The Debtor's success depended upon "smooth sailings," with no unexpected expenses or delays that could disrupt the flow of customer deposits. Unfortunately, problems began immediately upon delivery of the Ship, causing dramatic unexpected delays and expenses.

3. Events Precipitating Bankruptcy: The Allision and Disputes with Clipper

The Ship was delivered May 12, 2015. The ship's inaugural sailing for the Debtor occurred on May 30, 2015 (starting from Montreal, Canada). There were immediate problems with the condition of the Ship. The Debtor alleged that the ship was not properly completed when delivered, causing trip interruptions and customer dissatisfaction. These deficiencies and passenger complaints forced the Debtor to issue refunds to passengers and to incur other unanticipated expenses, which included expenses for rerouting these passengers.

On June 18, 2015, with 274 people on board, the Ship collided with the concrete wall bumper of the Eisenhower Lock (Saint Lawrence Seaway) located near Massena, NY (the "Allision"). As a direct result of the Allision, Debtor incurred approximately \$3,000,000 in expenses. In addition, several subsequently scheduled cruises were cancelled while the Ship was under repair, resulting in the Debtor being obligated to refund pre-paid customer deposits for cancelled cruises. Though the Debtor resumed cruises for a limited time, the expenses related to the Allision and additional refunds issued to customers consumed substantially all the Debtor's working capital. As a direct result, the Debtor was unable to pay the October 2015 charter payment to Clipper. On October 30, 2015, Haimark demanded arbitration with Clipper pursuant to paragraph 22 of the Charter Agreement in order to pursue compensation for losses resulting from the Allision, as well as certain other claims arising under the Charter Agreement. On that same day, the Debtor filed its chapter 11 petition, commencing the Chapter 11 Case.

B. Debtor's Assets

The Debtor's assets consist almost exclusively of (i) Cash; (ii) the Debtor's right to receive residual Cash held in the Restricted Accounts; and (iii) estate Causes of Action, including Avoidance Claims. A summary of the Debtor's assets follows:

1. Accessible Cash

As of November 30, 2016, the Debtor had immediate access to approximately \$270,185.58 in Cash. Accessible Cash balances and the accounts at which such Cash balances are held are as follows:

Bank Account	Balance as of 11/30/2016
East West Bank DIP Account	\$230,778.46
Centennial Bank Operating	\$1,157.00

Account (0945)	
Key Bank DIP Account (8119)	\$11,709.82
Key Bank DIP Account (8093)	\$26,540.30
Total Accessible Cash:	\$270,185.58

2. Restricted Accounts

In April 2016, the FMC announced that the Debtor had cancelled all future cruises. In accordance with the regulations of the FMC, the Debtor maintains an escrow account for refunding applicable deposits and passenger fares for cruises departing from a United States port in the event that the Debtor fails to perform any such voyages. In addition to FMC-required escrow accounts, the Debtor also maintains other escrow accounts as negotiated with certain travel agents and other customers.

The escrow agents automatically process refunds and send payments to cruisers who paid deposits or fares for sailings on the Ship. The Debtor is not consulted nor does the Debtor authorize those refunds. Rather, the Escrow Agreements have made all distributions directly and on their own accord, which has made it difficult to account for all claims mas they have occurred. Travelers who have previously obtained a refund from their travel insurance or credit card issuer are not eligible. During the course of this Chapter 11 Case, the balances in the Debtor's various escrow accounts have decreased substantially on account of refunds to customers for cancelled cruises.

The Debtor now believes that all refunds have been fully processed and that any residual funds held in the escrow accounts or other Restricted Accounts are property of the Debtor's estate. In total, the Restricted Account balance is approximately \$1,418,366.35 as of November 30, 2016. A summary of the Restricted Accounts follows.

Key Bank Accounts

An FMC escrow account is maintained at Key Bank, with any refunds being directed and approved by the FMC. Per the Debtor's Schedules, the balance on October 31, 2015 was \$1,744,666.60. Debtor believes all required refunds have been made and is seeking the return of the residual balance, which is approximately \$56,636.70.

Centennial Bank CD and Charge-Back Rights

Centennial has a perfected first priority security interest in a certificate of deposit held at Centennial, CD Account No. 2001929 (the "CD"), as well as rights of set off against Debtor's deposit account held at Centennial. The Debtor managed its merchant account through a combination of agreements with Bankers' Bank of the West and Centennial. Pursuant to an agreement with Centennial, any customer charge-backs processed by Centennial were reimbursed from the CD. As of the Petition Date, the CD balance was \$2,004,827. Debtor believes all charge-backs have been processed and is seeking return of the remaining CD balance of approximately \$967,961. To date, Centennial has refused to release the balance in the CD to

the Debtor; if the Debtor and/or Plan Administrator is unable to obtain the consensual release of the funds in the CD account, the Debtor and/or Plan Administrator will seek relief from the Bankruptcy Court. In addition, the Debtor has requested certain information and records from Centennial in order to confirm that all potential charge-backs have been processed, including the names of passengers to whom Centennial has provided refunds via charge-backs. Centennial has not provided such information. The Debtor continues to seek such information from Centennial and, if necessary, will file a Rule 2004 motion to obtain such information.

Centennial Bank Escrow Accounts

- Road Scholar Escrow Account: The balance at time of filing was \$423,304. The balance as of 11/30/2016 is \$369.18. Refunds totaling \$423,311 (includes interest earned) were paid to Road Scholar in 2016 per the terms of the Escrow Agreement dated November 25, 2014.
- Rivages Du Monde Escrow Account: The balance at time of filing was \$5,118. The balance as of 11/30/2016 is \$5,104.
- Go Next Escrow Accounts: Go Next had three separate escrow accounts at Centennial, with an aggregate balance as of the Petition Date of approximately \$83,000. During the Chapter 11 Case, Centennial released all of the deposit funds in the accounts to Go Next. These accounts presently have a balance of \$0.

American Express Accounts

American Express accepts payments and forwards them to vendors less an amount reserved for charge-backs. The Debtor believes all charge-backs have been processed and American Express has confirmed that a balance of \$388,295 is held in three Debtor accounts. Debtor is presently seeking a refund of this balance.

3. Estate Causes of Action

Pursuant to the Plan, all Causes of Action will be preserved and re-vest in the Estate after the Effective Date, and the Plan Administrator shall be authorized to investigate and pursue such Causes of Action for the benefit of creditors. The Debtor possesses the following Causes of Action, among others:

Avoidance Actions. The Debtor has reviewed the prepetition transactions disclosed in the Debtor's Statement of Financial Affairs and determined that the payments disclosed therein are likely subject to valid defenses. Accordingly, the Debtor has determined that the cost of litigating the potential Avoidance Actions arising from such transactions likely exceeds the expected recovery. Nevertheless, all Avoidance Actions are preserved under the Plan and the Plan Administrator reserves the right to bring any such claims.

Double Refund Recoveries. Customer deposits received for domestic departures are held in escrow and refunded by the FMC directly. It is possible for those customers who made their

deposits with a credit card to receive both a refund from the FMC *and* a second refund from a credit card charge-back. Debtor has requested information from Centennial to determine if any such duplicate refunds have been made. To the extent that any customer received a double refund, the Plan Administrator shall be permitted to bring any Cause of Action necessary to recover such payments.

C. Description of Outstanding Claims

General Unsecured Claims. The Court established a bar date of March 10, 2016, for the filing of Proofs of Claim in the Case. Based on the Schedules and the Proofs of Claim filed in the case, the outstanding General Unsecured Claims against the Debtor total approximately \$30,260,000.²

The Chief Liquidation Officer has conducted an initial analysis of all Claims and estimates that after objections to Claims are resolved the total General Unsecured Claims pool will be approximately \$2,100,000. For the avoidance of doubt, the Plan preserves the Plan Administrator's right to object to all Claims, including any Claim listed on the Debtor's Schedules.

Among the largest potential General Unsecured Claims is the claim held by Haimark Ltd. ("**Limited**"), an affiliate of the Debtor. Limited is the debtor in an involuntary chapter 7 case filed in this District, Case No. 16-19885-JGR. Prior to the Petition Date, the Debtor and Limited engaged in various intercompany transactions in the ordinary course of their respective businesses and consistent with the cash management practices that each employed. These transactions were reflected on each entity's books and records. The CLO is informed and believes that other than with respect to the Disputed Limited Claim (as defined below), all intercompany transactions between the Debtor and Limited have been reconciled and there are no intercompany balances owing between the Debtor and Limited. The Debtor's Schedules indicate an \$800,000 intercompany balance owing from the Debtor to Limited (the "**Disputed Limited Claim**"). The CLO, however, has not located any records or other evidence supporting such claim; accordingly, the Debtor and/or the Plan Administrator intend to file an objection to the Disputed Limited Claim.

Priority Non-Tax Unsecured Claims. The Debtor's Amended Schedule E (Docket No. 54), indicates priority unsecured claims in the amount of \$327,027.70 for customer deposit claims entitled to priority under Bankruptcy Code section 507(a)(7). The Debtor believes that all but approximately \$22,604 such Priority Non-Tax Unsecured Claims have been satisfied during the Case via refunds from the FMC escrow account at Key Bank or other Restricted Accounts. To the extent that any Scheduled Priority Non-Tax Unsecured Claim has been satisfied via refund, the Debtor intends to object to such Claim via an omnibus claims objection shortly after the Effective Date. The Debtor believes that the amount of Allowed Priority Non-Tax Unsecured Claims will be zero or *de minimis*.

² This total *includes* the filed claims of Clipper and Fleet-Pro, which shall be withdrawn pursuant to the Settlement Agreement (as defined below).

Administrative Expense Claims. On July 27, 2016, StepAhead Contact Centres (“**StepAhead**”) and ICE Support Ltd. (“**ICE**”) filed applications for allowance of Administrative Expense Claims in the amounts of \$72,205.00 and \$16,954.53, respectively (Docket Nos. 306 & 308). The Debtor objected to StepAhead’s and ICE’s applications (Docket Nos. 319 & 320). To date, no Certificate of Contested Matter has been filed with respect to such purported Administrative Expense Claims.

In addition to the potential ICE and StepAhead Administrative Expense Claims, other Claims in this category consist of Claims for Professional Fees by the Debtor’s bankruptcy counsel, Brownstein Hyatt Farber Schreck, LLP (“**BHFS**”). To date, BHFS has received payment of 75% of fees and 100% of expenses incurred in this Case pursuant to the Court’s order regarding interim compensation procedures (Docket No. 281). Under the Plan, BHFS is required to seek final approval of its Professional Fees and payment of the 25% holdback within 45 days after the Effective Date.

Centennial Secured Claim. Pursuant to the Cash Collateral Agreement (as defined below), Centennial may hold a Secured Claim against the Debtor. The Cash Collateral Agreement provides that Centennial shall have a lien in substantially all property of the estate to secure, *inter alia*, any Claim arising in connection with charge-backs of customer purchases processed by Centennial. As of the date hereof, the Debtor is not aware of any Claim held by Centennial, other than its potential claim for attorneys’ fees incurred in connection with this bankruptcy case.

D. Significant Events in the Chapter 11 Case

As noted above, the Debtor filed its voluntary chapter 11 petition on October 30, 2015. The following is a summary of significant events that occurred in the Case:

Cash Collateral Agreement. On November 25, 2015, the Debtor filed its Emergency Motion to Use Cash Collateral (Docket No. 46) (the “**Cash Collateral Motion**”), through which the Debtor sought Court approval of a Cash Collateral Agreement by and between the Debtor and Centennial (as amended, the “**Cash Collateral Agreement**”). On January 12, 2016, the Court entered its order granting the Cash Collateral Motion and approving the Cash Collateral Agreement. The Cash Collateral Agreement provided, *inter alia*, that the Debtor shall be permitted to use Centennial cash collateral to fund certain required escrow deposits. Centennial was granted a replacement lien on substantially all of the Debtor’s personal property.

Bar Date Order. On January 8, 2016, the Debtor filed a motion to set a bar date for filing Proofs of Claim (Docket No. 120). On January 12, 2016, the Court entered its order establishing a bar date of March 10, 2016.

Appointment of Chief Liquidation Officer. In or about April 2016, the Debtor decided to cease operations. The Debtor had no remaining full-time employees as the Debtor had no need for the expertise and services previously provided by the employees. Rather, the primary function remaining was to wind down its business and legal affairs. On June 7, 2016, the Debtor filed a motion to employ and compensate Paul Abramowitz as Chief Liquidation Officer (“**CLO**”) pursuant to the Chief Liquidation Officer Agreement (“**CLO Agreement**”) by and between the Debtor and Mr. Abramowitz (Docket No. 273). Among other things, the CLO

Agreement provides that Mr. Abramowitz shall have authority to manage the wind-down of the Debtor's estate in exchange for a fee of \$20,000 per month.

Resolution of Dispute with Clipper. On November 17, 2015, the Debtor filed a motion to reject the Charter Agreement pursuant to Bankruptcy Code section 365 in order to minimize potential Administrative Expense Claims. (Docket No. 16). Subsequent to the filing of the motion, the Debtor met with representatives of Clipper for settlement discussions regarding rejection damages as well as damages caused by the Allision. Early discussions did not result in a settlement agreement.

After months of delays and no action in the arbitration case, the CLO utilized his litigation experience obtained in prior turnaround matters to take a more aggressive posture regarding the Clipper dispute. The Debtor filed an action in the United States District Court, Middle District of Florida, Jacksonville Division, styled *Haimark Line, Ltd. v. Clipper Cruises, Ltd et al*, Case Number 3:16-cv-00107. Pursuant to this complaint and a subsequent ruling, Debtor obtained an order from the District Court arresting the Ship (the "Arrest").

Following the Arrest, the Debtor, through Paul Abramowitz, the Debtor's current CLO, reconvened highly contentious settlement discussions and attended a mediation in New York in early May 2016. On May 12, 2016, the Debtor, Clipper, and Fleet-Pro settled all claims between the parties. Shortly thereafter filed a motion for approval of the Settlement Agreement (Docket No. 258). On June 2, 2016, the Court entered an order approving the Settlement Agreement (Docket No. 270). The Settlement Agreement provided \$700,000 of cash to the Debtor, less certain legal expenses (as approved by the Court) in addition to the costs of storage of the Ship while in arrest status, for net cash proceeds to the Debtor of \$480,200.26.

The Settlement further provided for Clipper and Fleet-Pro to release the Debtor from all liability for two claims conveniently exceeding \$1.1 million scheduled by the Debtor in the amounts of \$528,531 and \$642,056 respectively. In addition to the aforementioned claims against the Debtor, Clipper had filed Proof of Claim No. 7 (as amended) asserting an unsecured claim in the amount of \$22,480,902 and an Administrative Claim for \$ 297,500. CMI Leisure (successor to Fleet-Pro) filed proof of Claim No. 104 asserting an unsecured claim in the amount of \$757,055. Per the settlement, Fleet-Pro and Clipper withdrew these claims.

On June 21, 2016, the Court entered its order approving the employment of Mr. Abramowitz as CLO. Since his appointment, Mr. Abramowitz has managed the Debtor's affairs pursuant to the CLO Agreement. Among other work, Mr. Abramowitz has: (i) reviewed and analyzed the Proofs of Claim against the Debtor and the Claims scheduled by the Debtor; (ii) negotiated with creditors to obtain reductions in Claim amounts; (iii) worked with the Debtor's banks and the FMC to make progress toward obtaining the residual funds held in the Restricted Accounts; (iv) met with Debtor's counsel numerous times to discuss, *inter alia*, Claims analysis, formulation of the Plan and Disclosure Statement, and other case strategy. If the Plan is confirmed, Mr. Abramowitz will serve as Plan Administrator.

III. DESCRIPTION OF THE PLAN

A. Description of the Plan and Means of Implementation

The entire text of the Plan has been provided with this Disclosure Statement. The following is a brief summary of certain provisions of the Plan; however, this summary is not comprehensive. The Plan and not the Disclosure Statement is the legally operative document that controls the relationship between the Debtor and its Creditors. Therefore, the Plan should be read carefully and independently of this Disclosure Statement. Creditors are urged to consult with counsel and other professionals in order to fully resolve any questions concerning the Plan.

1. Overview

The Plan is simple and straight-forward. A Plan Administrator shall be appointed. The Plan Administrator's role shall be to review and resolve claims, recover residual funds held in the Restricted Accounts, make Distributions to Creditors and wind-down the Estate.

2. Treatment of Claims and Equity Interests

a. *Unclassified Claims*

The Plan provides that Administrative Expense Claims will be paid in full on or before the later (a) the Effective Date or as soon thereafter as is reasonably practicable, or (b) the date that is 14 days after the Administrative Expense Claim is Allowed.

The Plan provides that Professionals seeking payment of professional fees or reimbursement of expenses incurred through and including the Effective Date under section 503(b)(2), (3), (4) or (5) of the Bankruptcy Code ("**Professional Fees**") shall file their respective final applications on or before the date that is 45 days after the Effective Date.

Priority Tax Claims shall be paid in full on or before the Effective Date or as soon thereafter as is reasonably practicable. The Debtor does not anticipate significant Priority Tax Claims.

b. *Classified Claims*

i. Class 1: Priority Non-Tax Claims

Except to the extent that a holder of an Allowed Priority Non-Tax Claim has agreed to a different treatment of such Claim, each such holder shall receive, in full satisfaction of such Claim, cash in an amount equal to the Allowed amount of such Claim, with such Distribution to be made as soon as practicable after the later of (i) the Effective Date, or (ii) the date on which such Claim becomes an Allowed Priority Non-Tax Claim.

The Priority Non-Tax Claims listed in the Debtor's Schedules or for which Proofs of Claim have been filed are Claims for customer deposit refunds under Bankruptcy Code section 507(a)(7). The Debtor believes that all such customers have already received the refunds to

which they are entitled, and therefore believes that Allowed Priority Non-Tax Claims will be zero or *de minimis*.

ii. Class 2: Centennial Secured Claim

Centennial shall retain a first priority lien and security interest in the CD and proceeds thereof. To the extent Centennial accrues a Claim against the Debtor for processing charge-backs and/or for attorneys' fees associated therewith, Centennial shall be paid in full in cash as soon as practicable after Centennial presents evidence acceptable to the Plan Administrator confirming that Centennial has accrued such Claim.

iii. Class 3: General Unsecured Claims

Class 3 consists of General Unsecured Claims that exist against the Debtor. Each Holder of an Allowed Class 3 Claim shall receive, in full and final satisfaction of such Allowed Claim, and subject to section 5.03(b) below, its pro rata share of Cash held by the Estate after (i) payment on account of claims specified in Article III of this Plan, (ii) payment on account of Allowed Claims in Class 1, Class 2, and Class 3, and (iii) satisfaction of and reservation for any remaining expenses of the Estates, including any Professional Fees and Post Effective Date Fees and Expenses.

Pursuant to Section 5.03 of the Plan, the timing and amount of Distributions to Holders of Allowed Class 3 Claims shall be made in the discretion of the Plan Administrator. The Plan Administrator shall reserve for Disputed Claims as set forth in the Plan.

Based on the Debtor's Schedules and the Proofs of Claim filed in the Case, the Debtor estimates that a total of approximately \$30,246,000 General Unsecured Claims have been filed or Scheduled.³ Based on the CLO's preliminary analysis, the Debtor anticipates that total Allowed General Unsecured Claims will be approximately \$2,100,000. The percentage Distribution received by Holders of Allowed Class 3 Claims will depend on, *inter alia*, (i) the total amount of Allowed Class 3 Claims; and (ii) the success of the Plan Administrator's efforts to recover Cash held in the Restricted Accounts. Given these variables, the Debtor anticipates Distributions equal to 40-60% of the amount of the Allowed General Unsecured Claims. These estimates are inherently uncertain and dependent upon the Debtor's ability to obtain release of the restricted account balances, and it is possible that the actual recovery to Holders of Class 3 Claims will be less than the foregoing estimate.

³ This amount includes the Claims of Clipper and Fleet-Pro, which are to be withdrawn pursuant to the Settlement Agreement.

iv. Class 4: Equity Interests

Class 4 Equity Interests shall be cancelled and shall not receive anything under the Plan.

B. Sources of Information for Disclosure Statement; Financial Reporting

Substantially all of the factual information utilized in this Disclosure Statement was obtained from information provided by the Debtor's books, records, Statement of Financial Affairs, Schedules and the claims register.

C. Feasibility and Distributions to Creditors

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor or plan proponent demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the plan calls for liquidation. The Plan calls for the continued liquidation of the Debtor and is therefore, by definition, feasible. The Debtor has analyzed its ability to meet its obligations under the Plan. Based upon current Cash, the Debtor will be able to meet its post-confirmation wind-down costs, make all payments required on Unclassified Claims, including Priority Claims, pay all Class 1 Claims, Class 2 Claims, and Class 3 Claims in full, and make a substantial Distribution to Class 3 General Unsecured Creditors. Accordingly, the Debtor believes that the Plan satisfies the feasibility requirement of the Bankruptcy Code.

D. Federal Income Tax Consequences to Creditors

Any tax advice contained in this Disclosure Statement is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax-related penalties under the Internal Revenue Code of 1986, as amended. Any tax advice contained in this Disclosure Statement was written to support the promotion of the transactions described in this Disclosure Statement.

The following discussion is not intended as a substitute for professional tax advice, including the evaluation of recently enacted and pending legislation, since recent changes in the federal income taxation of reorganizations under the Bankruptcy Code are complex and lack authoritative interpretation. The Debtor has not received, nor will it request, a ruling from the IRS as to any of the tax consequences of the Plan with respect to holders of Claims. The Debtor assumes no responsibility for the tax effect that Confirmation and receipt of any Distribution under the Plan may have on any given creditor or other party in interest. The Debtor recommends that Creditors and other parties in interest consult with their own tax advisors concerning the federal, state and local tax consequences of the Plan.

Creditors may be required to report income or may be entitled to a deduction as a result of implementation of the Plan. To the extent a Creditor receives, or expects to receive, less pursuant to the Plan than the Creditor's basis in the claim to which such amount relates, the Creditor may be permitted to claim a bad debt deduction. The amount, timing and character of the deduction will depend, among other things, upon the Creditor's tax accounting method for bad debts, the Creditor's tax status, the nature of the Creditor's claim, whether the Creditor receives consideration in more than one year, and whether the creditor has previously taken a bad

debt deduction or worthless security deduction with respect to the Creditor's claim. If the debt is not business related, a deduction is only available if the debt is worthless. A cash-basis taxpayer can deduct a bad debt only if an actual cash loss has been sustained or if the amount deducted was included in income. All accrual-basis taxpayers must use the specific charge-off method to deduct business bad debts.

To the extent that a Creditor receives payment pursuant to the Plan in an amount in excess of the Creditor's adjusted tax basis in the claim to which payment relates, the excess will be treated as income or gain to the Creditor. A Creditor not previously required to include in its taxable income any accrued but unpaid interest on a Claim may be treated as receiving taxable interest, to the extent the amount it receives pursuant to the Plan is allocable to such accrued but unpaid interest. A Creditor previously required to include in its taxable income any accrued but unpaid interest on a claim may be entitled to recognize a deductible loss, to the extent the amount of interest actually received by the Creditor is less than the amount of interest taken into income by the creditor.

IV. PLAN ADMINISTRATOR

A. Appointment

As of the Effective Date, Paul Abramowitz, the Debtor's Chief Liquidation Officer and the Founder and Managing Director of Liquidity Capital Group, shall be appointed Plan Administrator. The Plan Administrator shall be compensated at a rate of \$5,000 per month. Mr. Abramowitz's curriculum vitae is attached hereto as **Exhibit B**.

B. Powers and Duties

In addition to any other powers described in this Plan, the powers and duties of the Plan Administrator consist of the following:

- i. To take control of, preserve, and convert to Cash property of the Estate, subject to the terms of this Plan;
- ii. To take any and all actions as the Plan Administrator deems necessary and appropriate to obtain the release of funds held in the Restricted Accounts;
- iii. To investigate and prosecute or abandon all Causes of Action belonging to or assertible by the Estate, including Avoidance Claims belonging to or assertible by the Estates;
- iv. To review and object to Claims filed against the Debtor;
- v. To abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all disputes, including all Causes of Action, Avoidance Claims and Objections to Claims;

vi. To make Distributions on account of all Allowed Claims consistent with the terms of this Plan;

vii. To retain, without further Court approval, persons and Professionals to assist in carrying out the powers and duties enumerated pursuant to this Plan;

viii. To enter into contracts as necessary to assist in carrying out the powers and duties enumerated pursuant to this Plan;

ix. To pay expenses incurred in carrying out the powers and duties enumerated pursuant to this Plan, including professional fees incurred after the Effective Date;

x. To hire employees and/or terminate current employees of the Debtor;

xi. To the extent the Plan Administrator deems necessary, to take all necessary actions to assure that the corporate existence of the Debtor remain in good standing until entry of a final decree closing the Chapter 11 Cases;

xii. To open and maintain bank accounts and deposit funds and draw checks and make disbursements in accordance with the Plan;

xiii. To effectuate any of the provisions in this Plan;

xiv. At the appropriate time, to ask the Bankruptcy Court to enter the final decree; and

xv. To execute all documents appropriate to convey assets of the Estate consistent with the terms of this Plan.

C. Causes of Action

As of the Effective Date, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, any and all Causes of Action accruing to the Debtor, or the Debtor in its capacity as Debtor-in-possession, and not released or compromised pursuant to this Plan, including, without limitation, Avoidance Claims, shall remain assets of the Estate, and the Plan Administrator shall have the authority to prosecute such Causes of Action for the benefit of the Estate. On and after the Effective Date, the Plan Administrator shall have the authority to abandon, discontinue, dismiss, amend, settle, compromise, negotiate or otherwise resolve all such Causes of Action in accordance with the terms of the Plan.

D. Exculpation for the Plan Administrator

Neither the Plan Administrator nor any of his designees, retained professionals or any duly designated agent or representative shall be liable for anything other than such person's own acts as shall constitute willful misconduct or gross negligence in the performance (or

nonperformance) of its duties, or acts contrary to the express terms of this Plan. The Plan Administrator may, in connection with the performance of his functions, consult with counsel, accountants and its agents, and may reasonably rely upon advice or opinions received in the course of such consultation. If the Plan Administrator determines not to consult with counsel, accountants or its agents, such determination shall not in itself be deemed to impose any liability on the Plan Administrator, or his designees.

E. Termination of Appointment of Plan Administrator

The Plan Administrator's appointment shall terminate upon the earlier of payment in full of the Allowed Class 3 General Unsecured Claims or entry of a final decree closing the Chapter 11 Case, at which time the Plan Administrator shall have no powers and duties.

V. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption or Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtor and any party that have not been previously assumed or rejected pursuant to an order of the Bankruptcy Court shall be deemed rejected on the Effective Date.

B. Claims Based on Rejection of Executory Contracts or Unexpired Leases

With respect to Claims arising from the rejection of executory contracts or unexpired leases pursuant to Section 7.01 of this Plan, the bar date to file Proofs of Claim in these Cases shall be reopened for a period of 28 days after the Effective Date, and all such Proofs of Claim must be filed with the Bankruptcy Court during that time. Any Claim arising from the rejection of an executory contract or unexpired lease pursuant to Section 7.01 of the Plan for which a Proof of Claim is not timely filed within that time period shall be forever barred from assertion against the Debtor and the Estate and their successors and assigns, or their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein.

VI. MISCELLANEOUS PLAN PROVISIONS

A. No Discharge

Pursuant to Bankruptcy Code § 1141(d)(3), the Confirmation Order will not discharge the Debtor of any debts.

B. Exculpation

The Debtor and any of its employees (including, without limitation, Mr. Abramowitz in his capacity as Chief Liquidation Officer), advisors, counsel, and agents, shall neither have nor incur any liability to any Holder of a Claim, or any party acting or asserting a claim through a Holder of a Claim, for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, except for willful

misconduct or gross negligence, and, in all respects, the Debtor shall be entitled to rely upon the advice of counsel with respect to its duties and responsibilities under the Plan.

C. Post-Effective Date Fees and Expenses.

From and after the Effective Date, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, the reasonable fees and expenses of professional persons incurred after the Effective Date by the Plan Administrator shall be paid by the Plan Administrator, including, without limitation, those fees and expenses incurred in connection with the implementation and consummation of the Plan.

D. Post-Effective Date Statutory Fees.

All fees payable pursuant to § 1930 of Title 28 of the United States Code incurred after the Effective Date shall be paid in accordance with applicable law. The Plan Administrator shall submit post-confirmation reports in compliance with applicable law.

E. Objections to Claims and Settlements

After the Effective Date, Objections to Claims may be made, and Objections to Claims made previous thereto shall be pursued, only by the Plan Administrator. The deadline for the Plan Administrator to file Objections to Claims shall be six months after the Effective Date, subject to extension by motion to the Court. For the avoidance of doubt, the Plan Administrator may object to any Proof of Claim or any Claim listed on any of the Debtor's Schedules.

After the Effective Date, the Plan Administrator may settle any Disputed Claims where the proposed Allowed Claim is to be less than \$200,000 without notice and a hearing and without an order of the Bankruptcy Court. All other settlements shall be subject to notice and a hearing pursuant to section 102(1) of the Bankruptcy Code and Final Order of the Bankruptcy Court approving the Settlement.

Additional provisions concerning Objections to Claims are described further in Article VI of the Plan.

F. Compromise and Settlement of Claims and Controversies.

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, Distributions, releases and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, interests and controversies resolved pursuant to the Plan or relating to the contractual, legal and subordination rights that a Holder of a Claim or interest may have with respect to any Claim or interest, or any Distribution to be made on account of such Claim or interest. The entry of the Confirmation Order shall constitute the Court's approval of the compromise or settlement of all such Claims, interests and controversies, as well as a finding by the Court that such compromise or settlement is in the best interests of the Debtor, the Estate and Holders of Claims and interests and is fair, equitable and reasonable.

G. Release of Liens in Cash.

On the Effective Date, all Liens against or asserted against the Debtor's Cash shall be deemed fully released and discharged.

H. Other Provisions.

Creditors and other parties in interest are directed to the Plan with respect to the provisions that are not specifically discussed in this Disclosure Statement.

VII. RISK FACTORS

As with any plan or other financial transaction, there are certain risk factors which must be considered. It should be noted that all risk factors cannot be anticipated, that some events will develop in ways that were not foreseen and that many or all of the assumptions that have been used in connection with this Disclosure Statement and the Plan will not be realized exactly as assumed. Some or all of such variations may be material. While every effort has been made to be reasonable in this regard, there can be no assurance that subsequent events will bear out the analysis set forth herein. Not all possible risks can be, or are discussed in this Disclosure Statement. Under the Plan, some of the principal risks that Holders of Claims should be aware of, in the Debtor's view, are as follows:

- Dilution of Distribution Based on Allowed Claims. No final determination has been made as to which Claims will be Disputed Claims, and it is possible that the number of Disputed Claims may be material and that the amounts allowed in respect of such Disputed Claims maybe materially in excess of the estimates of Allowed Claims used to develop the Plan and this Disclosure Statement. The Holders of Allowed Claims are subject to the risk of dilution if the amount of actual Allowed Claims exceeds such estimates. Accordingly, Distributions to the Holders of Allowed Claims are at risk of being adversely affected by the total amount of Allowed Claims.
- Litigation Expenses. To the extent that litigation is required in order to recover funds held in Restricted Accounts, pursue Claims Objections, or otherwise perform the Plan Administrator's duties, such litigation expenses may deplete the Cash available for Distributions.

VIII. LIQUIDATION ALTERNATIVE AND POTENTIAL PLAN RECOVERY

An alternative to confirmation of the Plan would be liquidation and distribution of the Debtor's assets by a trustee appointed in a case under chapter 7 of the Bankruptcy Code. The chapter 7 Trustee would make all of his or her own decisions with respect to the liquidation of the Estate, the hiring of professionals, the pursuit of any claims or litigation, and the payment or objection to Claims. A Chapter 7 trustee and his professionals at this stage would necessarily duplicate much of the work already done by the Debtor, at additional expense. As a general matter, distributions in chapter 7 cases are not made until all issues have been resolved and the trustee's Final Report is approved. If the Chapter 11 Case were converted to chapter 7, commencement of distributions would likely be delayed with no commensurate benefit. Conversion to chapter 7 would result in the Court setting a new claims bar date opening up the possibility of additional claims being filed and ensuring further delay in Distribution to Creditors.

[Remainder of page intentionally left blank]

December 20, 2016

HAIMARK LINE, LTD.

Debtor and Debtor-in-Possession

By: 

Name: Paul Abramowitz

Title: Chief Liquidation Officer

APPROVED AS TO FORM:

BROWNSTEIN HYATT FARBER SCHRECK, LLP

By: 

Steven E. Abelman, Esq.

Samuel M. Kidder, Esq.

410 17th Street, Suite 2200

Denver, CO 80202

Phone: (303) 223-1100

Fax: (303) 223-1111

Email: sabelman@bhfs.com

skidder@bhfs.com

Attorneys for the Debtor

[SIGNATURE PAGE TO DISCLOSURE STATEMENT FOR CHAPTER 11 PLAN OF
LIQUIDATION OF HAIMARK LINE, LTD.]

EXHIBIT A

CHAPTER 11 PLAN OF LIQUIDATION OF HAIMARK LINE, LTD.

FILED SEPARATELY

EXHIBIT B

RÉSUMÉ OF PAUL ABRAMOWITZ

PAUL ABRAMOWITZ

16659 Ashley Oaks
Encino, CA 91436

Phone: 310-613-1313
Email: paulabramowitz@gmail.com

EXECUTIVE PROFILE

Business strategist with over 30 years experience as CEO and CRO. Proven performance devising profitability analyses, formulating strategic plans and identifying opportunities to drive sales, revenue and margin. Extensive experience in litigation management, bankruptcy, and asset recovery.

EDUCATION AND PROFESSIONAL AFFILIATION

University of Southern California
Ohio State University
Former Certified Public Accountant

Masters of Business Administration
BS, Business Administration, Finance

QUALIFICATION HIGHLIGHTS

- | | | |
|-------------------------------|-----------------------|-------------------------|
| • Executive Management | • Crisis Management | • Improved Employee |
| • Strategic Business Planning | • Strategic Marketing | Engagement |
| • Leadership | • Corporate Culture | • Client Relations |
| • Financial Recovery | Improvement | • Relationship Building |
| • Profitability Analysis | | |
-

PROFESSIONAL EXPERIENCE

LIQUIDITY CAPITAL GROUP LLC, ENCINO, CA
President & Chief Executive Officer

2008 TO PRESENT

Private investment fund established to purchase debt and other financial interests from Chapter 7 Trustees and other distressed situations.

NEAH POWER SYSTEMS, INC., Bothell, WA
President & Chief Executive Officer

2006 to 2008

Financially revived this corporation. Revived company after shutdown and engineered a reverse merger to provide \$2.5 MM in private placement funding in first 90 days. Raised additional \$10 MM through secondary offering and "Pipes". Interfaced with Congressional leaders regarding government appropriations and collaborated with lobbyists to secure \$2.7 MM for fuel cell technology R&D. Neah Power is a micro fuel cell development company exploiting the use of porous silicon to provide higher power density.

- Recruited new management team and restructured Board of Directors. Installed key leaders from within and leveraged professional contacts for the remainder of the Board.

- Oriented the company to a singular strategic goal regarding development of the core product, and drove a corporate culture change to infuse the business environment with a sense of urgency.
- Forged a strategic partnership with General Dynamics' The Edge Future Warrior program, the leading integrated technologies provider to the US DOD.

EXPERIENCE LEARNING COMMUNITIES, Seattle, WA
Chief Executive Officer

2003 to 2004

Selected and retained by Paul Allan and Vulcan, Inc. to develop and implement strategy to reduce operating losses associated with the Experience Music Project and the Science Fiction Museum & Hall of Fame. Brought financial and marketing expertise from the for-profit sector to drive a turnaround of this non-profit. Defined the primary objectives as to install internal controls and processes to drive a corporate culture change and to create enhance community involvement in the museum.

- Slashed expenses 40% by implementing a sharp, new focus on budgetary discipline, departmental accountability, and organizational responsibility.
- Realigned the management team to substantially reduce payroll.
- Eliminated unprofitable, non-visitor-enhancing experiences such as the catering operation, with \$1 MM in operational expenses but only \$500K in annual revenue.
- Devised a comprehensive business plan with key components addressing strategic marketing, community relations, fundraising and development.
- Launched the 1st marketing campaign in the museum's history in partnership with the Space Needle, Seattle's top tourist attraction.
- Drove a multi-faceted revenue building and fundraising initiative founded on building relationships with the community, strategic investors and visitors.
- Expanded the patron profile from rock-and-roll enthusiasts to other genres of popular modern music.
- Successfully negotiated with Disney to include a Disney music exhibit. This increased visitor attendance by age.
- Orchestrated a costume display in which to attract a new and broader demographic.
- Raised per-visitor revenue by attaching premiums to select museum experiences.

SPECIAL INVESTMENTS, INC., Seattle, WA
Principal

1991 to Present

Fully directed the launch of this consulting agency, with special emphasis on providing operational and financial strategy for financially distressed companies nationally. Engagements have included:

- License on Line – Advisor; Retained by the Board of Directors to market this online distributor of software licenses. Company was successfully sold to Synnex Corporation

- National Energy Production Company (NEPCO) – Advisor; Retained as Advisor by the management of this 2 billion dollar full service engineering and construction company to address the challenges created by Enron’s collapse. Prior to Enron filing Chapter 11, Enron “swept” over \$440 MM of customer deposits from Nepco (a wholly owned subsidiary of Enron) creating issues of survivability for both Nepco and its customers. Operations were acquired by SNC Lavalin.
- Etera Corporation – Interim Chief Executive Officer; Retained by the Board of Directors as Interim CEO to operate and manage this multi-million-dollar horticulture/internet Corporation through the Chapter 11 process. Successfully reduced operating costs and negotiated and sold the two operating entities.
- Intellysis Group Inc. – Crisis Manager; Retained as the Crisis Manager in this \$175 MM video technology company while operating under Chapter 11 of the Bankruptcy Code. Worked with existing management to oversee the operations of the company during the sale process. Led negotiations with MCSi (purchaser), and Fleet Capital (lender) and the Creditors Committee and legal counsel. Assets were successfully sold to MCSi in a Bankruptcy, Section 363 sale.
- Image laboratories – Advisor to President; Advisor to the President of this \$30 MM hair care company on a variety of strategic and operational issues while operating under Chapter 11 of the Bankruptcy Code. Created and implemented operational blueprints for cost reduction. Created and implemented vendor management, purchasing and quality control programs. Interfaced and negotiated with the secured lender and creditors committee. Prepared confidential offering memorandum and negotiated with potential acquirers. Company was successfully sold to an investment fund.
-

NATIONAL CLAIMS MANAGEMENT CORP., Encino, CA
Principal

1995 to 1998

Established this firm to penetrate the multi-million dollar class action settlement script market.

- Executed a direct marketing campaign through US Trust Corp. to purchase settlement coupons from corporations, refinance and resell them to a leasing company for lucrative profits.
- As a direct result of this business, the terms of class action settlements were changed to eliminate this opportunity.

DAK Industries, Los Angeles, CA
Chief Restructuring Officer

1991 to 1995

Raised gross margins for this \$250 MM direct marketing association in Chapter 11.

- Implemented a purchasing and warranty strategy which raised margins 23%.
- Enhanced the core competencies of the marketing staff, and overhauled the marketing plan to reduce backorders and improve customer satisfaction.
- Implemented a tax and litigation strategy to achieve a multimillion dollar recovery.

WESTERN COSTUME CO., Los Angeles
President & Chief Executive Officer

1988 to 1991

Elevated this business to the #1 theatrical costume company globally thereby substantially increasing to a positive operating cash flow and positioned it to hold long-term industry dominance. Acquired the company and reversed significant operating losses by adding modern uniforms and costuming supplies, divesting unprofitable sectors and restructuring the operations and management teams.

INFA INC., Las Vegas, NV
President & Chief Executive Officer

1983 to 1985

Increased sales from \$1MM to \$30MM for this consumer products company, by developing the core product and then wholly restructuring operations, marketing, and distribution. Launched the "PUR" silicone nipple which ultimately displacing the latex nipple market dominated by Gerber and Evenflo. This product launch proved essential in retaining the company's largest existing customer. Strategically marketed the product as one of a family of products, compelling the distribution channels to carry the full line