UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
Lomax Hacking Corp. *et al*.,	)	Case No. 15-41787 (NHL)
Debtor.	)	Jointly Administered

[PROPOSED] FIRST AMENDED DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THE DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

1. INTRODUCTION

1.1. Lomax Hacking Corporation, Loup Hacking Corporation, Phanero Hacking Corporation, Sice Mois Hacking Corporation, and Topush Hacking Corporation (collectively, the "Debtors"), debtors and debtors-in-possession in the above-captioned jointly administered chapter 11 cases (the "Bankruptcy Cases"), have proposed a joint chapter 11 plan of reorganization (as amended, modified or supplemented from time to time, the "Plan") for the resolution of outstanding claims against and interests in the Debtors pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

1.2. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

1.1. By order dated [_____], the Bankruptcy Court (i) approved this document and the accompanying materials (together, the "Disclosure Statement") as containing "adequate information" that will enable a hypothetical, reasonable investor typical of Holders of Claims against and Interests in the Debtors to make an informed judgment with respect to the Plan, and (ii) authorized the Disclosure Statement to be used in connection with the solicitation of votes to accept or reject the Plan. All exhibits to the Disclosure Statement are incorporated into and made a part of the Disclosure Statement as if set forth in full herein.

1.2. This Disclosure Statement describes:

- The Debtor and significant events during the bankruptcy case,
- How the Plan proposes to treat claims or equity interests of the type you hold (i.e., what you will receive on your claim or equity interest if the plan is confirmed),

- Who can vote on or object to the Plan,
- What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan,
- Why the Debtors believe the Plan is feasible, and how the treatment of your claim or equity interest under the Plan compares to what you would receive on your claim or equity interest in liquidation, and
- The effect of confirmation of the Plan.

1.3. All Holders of Claims and Interests in the Classes entitled to vote to accept or reject the Plan will receive the Disclosure Statement.

1.4. **APPROVAL OF THE DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT, DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE MERITS OR CONFIRMABILITY OF THE PLAN.**

1.5. The Disclosure Statement is provided solely for the purpose of soliciting votes to accept or reject the Plan, and may not and should not be used or relied upon for any other purpose. Nothing herein shall constitute, and may not be construed as, an admission of any fact or liability, or stipulation or wavier, by any party, or be admissible in any proceeding involving the Debtors, Reorganized Debtors or any other party, or be deemed evidence of the tax or other legal consequences or effects of the reorganization of the Debtors. Rather, holders of Claims and Interests should construe the Disclosure Statement as a statement made in settlement negotiations.

1.6. Prior to deciding whether and how to vote on the Plan, Holders of Claims against and Interests in the Debtors should and are encouraged to read and carefully consider the matters described in the Disclosure Statement.

1.7. The contents of the Disclosure Statement shall not be deemed as providing any legal, financial, securities, tax, or business advice. The Debtors urges Holders of Claims and Interests to consult with their own advisors with respect to any such advice in reviewing the Disclosure Statement, the Plan, and each of the proposed transactions contemplated thereby. In addition, the Debtors recommends that potential recipients of New Common Stock consult their own counsel concerning the securities laws' consequences concerning the transferability of the New Common Stock. Holders of Claims and Interests in the Classes entitled to vote on the Plan must rely on their own evaluations of the Debtors and their own analyses of the terms of the Plan, including, without limitation, any risk factors cited herein, in deciding whether to vote to accept or reject the Plan.

1.8. The Disclosure Statement is not intended to replace a careful and detailed review and analysis of the Plan by each Holder of a Claim or an Interest, but instead is intended only to aid and supplement that review. Any description of the Plan is a summary only.

1.9. **HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE PLAN, PLAN SUPPLEMENT ANY RELATED ATTACHMENTS IN THEIR ENTIRETY, IN CONSULTATION WITH THEIR ADVISORS, FOR A FULL UNDERSTANDING OF THE PLAN'S PROVISIONS. THE DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE PLAN AND THE EXHIBITS AND ATTACHMENTS THERETO. IF ANY INCONSISTENCY EXISTS BETWEEN THE TERMS OF THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS AND PROVISIONS OF**

THE PLAN WILL CONTROL.

2. DEADLINES FOR VOTING AND OBJECTING; DATE OF CONFIRMATION HEARING

2.1. The Court has not yet confirmed the Plan described in this Disclosure Statement. This section describes the procedures pursuant to which the Plan will or will not be confirmed:

- **Deadline for Voting to Accept or Reject Plan**: [_____]. If you are entitled to vote to accept or reject the plan, fill out the enclosed ballot and return the ballot in the enclosed envelope to: The Law Offices of Jeremy S. Sussman, 225 Broadway, Suite 3800, New York, NY 10007. Your ballot must be received by [_____] or it will not be counted.

- **Deadline for Objecting to Confirmation of Plan**: [_____]. Objections to confirmation of the Plan must be filed electronically on the Bankruptcy Court's docket for these Chapter 11 Cases, with a copy delivered to Judge's chambers and served on Counsel to the Debtor, the Office of the United States Trustee, all creditors who have filed notices of appearance in these Chapter 11 Cases.

- **Confirmation Hearing**: [_____].

2. BACKGROUND

2.1. **Description and History of the Debtors' Business**.

- The Debtors are New York City taxicab companies that collectively hold ten commercial Medallions granted by the TLC. The Debtor's Medallions are subject to loans and security interests held by the Bank, which also hold security interests in the Debtors' Taxicabs and taxicab equipment. In addition, certain of the Debtors' Taxicabs are also subject to loans and first-priority security interests held by Toyota.

2.2. **Events Leading to Chapter 11 Filings**.

- In May of 2010, two of the Debtors, Loup Hacking Corp. ("Loup") and Sice Mois Hacking Corp ("Sice Mois"), entered into a medallion management agreement with Arthur Cab Leasing Corp. ("Arthur Cab"). In April of 2011, Loup and Sice Mois terminated the Arthur Cab management agreements. Arthur Cab sued Loup and Sice Mois for breach of contract, seeking to enforce a liquidated damages provision, allegedly included in the management agreement, trigger by the lawful termination of the agreements. In April of 2014, the New York Supreme Court awarded Arthur Cab judgments in the amount of $123,114.05 against Loup and Sice Mois (the "Judgments").

- After terminating the Arthur Cab management agreement in 2011, Loup and Sice Mois and two of the other Debtors, Lomax Hacking Corp. and Phanero Hacking Corp., entered into management agreements with Napasei Management Corp. ("Napasei Management"). In February of 2013, the Debtors renegotiated the Napasei Management agreements to convert them to week-to-week agreements. Among other things, the renegotiated management agreement gave both the Debtors and Napasei Management the right to terminate the Napasei management agreement on seven-days' notice. In May of 2013, the Debtors exercised their rights, under TLC regulations and the renegotiated Napasei agreements, to terminate the Napasei agreements. In June of 2013, Napasei Management sued, claiming that the Debtors fraudulently induced them to enter into the renegotiated management agreements.

- In 2013, a new category of taxicab medallions were created-green cabs-which have the right to pick up "street hail" passengers in the outer-boroughs and in Manhattan above East 96th and West 110th Streets. The green cabs significantly damaged the yellow cab businesses, by cutting into their revenues and devaluing their medallions.

- Yellow cab businesses were further eroded by the website Uber and similar websites. These websites enable passengers to effectively "street hail" non-medallions taxis from their mobile devices, and permit anyone with a car, license, and iPhone to compete with yellow cabs for fares. Like the green cabs, Uber has negatively impacted the yellow cab business by cutting into their revenues and reducing the value of their medallions.

- Between 2011 and the Petition Date, the Debtors incurred significant legal costs defending the suits brought by their former management companies, as explained above, which made it further difficult to meet their financial obligations.

- In October of 2014, Arthur Cab took steps to enforce the judgment it had obtained, and through a New York City marshal sized one Taxicab and Medallion belonging to Debtor Loup Hacking Corp. As a result, Loup Hacking Corp has been forced to pay all the expenses of two Medallions from the income of one medallion.

- As a result of all of the events listed above, in late 2014 the Debtors had increasing difficulty meeting their financial obligation. In January 2015, the Debtors each missed a single monthly payment due to the Bank.

- On or about February 18, 2015, the Banks agents stopped eight of the Debtors' cars in the streets and seized their Medallions and taxicab equipment. They also seized several cars.

- The Debtors commenced these chapter 11 cases, on an emergency basis, to prevent the loss of their medallions, to provide the Debtors with breathing room to operate their businesses, , and to obtain court approval for a successful plan of reorganization.

2.3. **Significant Events During the Bankruptcy Case.**

- During the Chapter 11 Case, the Bankruptcy Court approved the retention of Counsel to the Debtor.

- Early in the Chapter 11 Cases, the Debtors filed a motion (the "Turnover Motion") asking the Bankruptcy Court to compel the Bank and other parties to turn over the Debtors' medallions, taxicabs and taxicab equipment in their possession, and to impose sanctions on such parties for failure to turnover property of the Estates.

- The Bank opposed the Turnover Motion, asserting among other things that the Bank's Collateral was not property of the Estate on the Petition Date. The Bank also sought relief from the automatic stay to complete its pre-petition private sale of the Bank's Collateral.

- During the Chapter 11 Cases, the Debtors negotiated an agreement with the Bank, under which, in exchange for adequate protection payments, the Bank agreed to turn over the Bank Collateral in its possession (including taxicabs and meters) and permit the Debtors to retrieve and operate the Medallions that the Bank had placed in storage with the TLC.

- Following this agreement, the Debtors resumed operating their Medallions on a rolling basis; the revenues of Medallions being operated remaining after payments to the Bank were used to fund the expenses, including insurance and other re-hacking costs, of getting

additional taxicabs back on the road.

- The Debtors also negotiated adequate protection agreements with Toyota, which allowed the Debtors to continue to possess and operate the taxicabs financed by Toyota.

- The Debtors made numerus attempts during the Chapter 11 cases to negotiate a settlement agreement with the Bank that would provide the framework for a plan of reorganization supported by the Bank, including negotiations in Bankruptcy Court ordered mediation. Those negotiations, however, were ultimately unsuccessful, resulting in the need for the Debtors to file the Plan.

2.4. **Avoidance Actions.**

- The Debtors have not yet completed its investigation with regard to prepetition transactions. If you received a payment or other transfer within 90 days of the bankruptcy, or other transfer avoidable under the Code, the Debtor may seek to avoid such transfer.

2.5. **Claims Objections**

- Except to the extent that a claim is already allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to claims. Therefore, even if your claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your claim is later upheld. The procedures for resolving disputed claims are set forth in Article V of the Plan.

2.6. **Current and Historical Financial Conditions**

- The value of the Debtors' Medallions has declined significantly since the Bank provided the loans secured by the Bank's Liens on the Banks Collateral. T

- he Debtors' believe that the value of each of their Medallions is currently between $300,000.00 and $475,000.00, based on the most recent medallion transfer prices as of the date of this Disclosure Statement. Medallion transfer prices are made publicly available by the TLC, on its website, in monthly transfer reports. The most recently reported transfer of corporate unrestricted medallions, in October 2016, took place at a price of $475,000.00 per medallion. See Exhibit A.

- The Debtors have filed Monthly Operating Reports with the Bankruptcy Court for every month since the commencement of these Chapter 11 Cases. Copies of the Monthly Operating Reports on available on the Bankruptcy Court docket for this Chapter 11 Cases.

2.7. **Continued Operation of the Debtors' Businesses Under the Plan**.

- Under the Plan, the Debtors propose to retain ownership and control of their Medallions and Taxicabs, and to make periodic payments to their secured and unsecured creditors from the future revenues of their ongoing businesses.

2.8. **Insiders of the Debtor.**

- Widmarck Paul owns 100% of the Equity Security Interests in the Debtor, and was the Debtors' President, manager, and sole director prior to the Petition Date and throughout these Chapter 11 Cases.

2.9. **Management and Control of the Reorganized Debtors**.

- Under the Plan, Mr. Paul would continue to serve as the Reorganized Debtors' President, manager, and sole director following the Effective Date of the Plan.

3. SUMMARY OF THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

3.1. What is the Purpose of the Plan of Reorganization?

- As required by the Code, the Plan places claims and equity interests in various classes and describes the treatment each class shall receive. The Plan also states whether each class of claims or equity interests is impaired or unimpaired. If the Plan is confirmed, your recovery shall be limited to the amount provided by the Plan.

3.2. Unclassified Claims

- In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified under the Plan.

- Certain types of claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. As such, the Debtors has not placed the following claims in any class:

3.2..1. **Administrative Claims**. Each holder of an allowed Administrative Expense Claim shall be paid in full on the Effective Date of this Plan, in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtors.

3.2..2. **Priority Tax Claims**. Each holder of an allowed Priority Tax Claim shall be paid equal cash payments made in accordance with section 1129(a)(9)(C) of the Bankruptcy Code on the last business day of every three (3) month period following the Effective Date of this Plan, over a period of five years after the Petition Date, totaling the principal amount of such Priority Tax Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate required under applicable non-bankruptcy law as determined by the Bankruptcy Court, or upon such other terms as may be agreed upon by the holder of the claim and the Debtors.

3.2..3. **United States Trustee Fees**. All fees required to be paid to the United States Trustee with respect to the Bankruptcy Cases on account of due or past due United States Trustee quarterly fees under 28 U.S.C. § 1930(a)(6), plus interest due and payable under 31 U.S.C. § 3717, will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date of this Plan will be paid on the Effective Date.

3.3. Classes of Claims and Equity Interests

The following are the classes set forth in the Plan, and the proposed treatment that they shall receive under the Plan:

Class	Impairment	Treatment
1. Priority Non-Tax Claims	Unimpaired, not entitled to vote	• Priority Claims shall be paid in full, in cash, on the Effective Date of the Plan.
2. Bank Secured Claim	Impaired, entitled to vote	• The Bank shall retain its Liens on the Bank Collateral. • The Bank Secured Claim shall be allowed in the amount of **$4,750,000.00**[1] or such other amount that the Bankruptcy Court determines to be the value of the Bank's interest in the Bank's Collateral. • From and after the Effective Date, the Bank Secured Claim shall earn simple interest at the rate of 3% per annum, or such other rate that the Court determines to be the appropriate rate of interest. • The Bank shall by entitled to receive monthly payments of interest only on the Bank Secured Claim during the Bank Payment Period; provided, that during the first year of the Bank Payment Period, the Bank's interest payments shall be capitalized and added to the principal amount of the Bank Secured Claim. • At the conclusion of the Bank Payment Period, the principal amount of the Bank Secured Claim shall be due and paid in full by the Debtors. **If the Bank votes to accept the Plan**: • The Bank Payment Period shall be reduced to ten (10) years. • The Debtors shall waive any and all Causes of Action against the Bank.
3. Toyota Secured Claim	Impaired, entitled to vote	• Toyota shall retain its liens on the Toyota Collateral. • The Toyota Secured Claim shall be allowed in an amount determined by the Bankruptcy Court to be the value of Toyota's interest in the Toyota Collateral. • From and after the Effective Date, Toyota's Secured Claim shall earn simple interest at the rate the Bankruptcy Court determines to be the appropriate rate of interest. • Toyota shall by entitled to receive monthly payments of interest only on the Toyota Secured Claim during the Toyota Payment Period. • At the conclusion of the Toyota Payment Period, the principal amount of the Toyota Secured Claim shall be due and paid in full by the Debtors.

[1] Based on a valuation of $475,000.00 per medallion.

Class	Impairment	Treatment
		If Toyota Votes to Accept the Plan: • The Toyota Payment Period shall be reduced to two (2) years. • Toyota shall be entitled to receive monthly payments of principal and interest, throughout the Toyota Payment Period, based on a two-year amortization schedule.
4. Drivers Claims	Impaired, entitled to vote	• The Drivers shall be entitled to receive a Pro Rata share of $5,000.00 on the first anniversary of the Effective Date of the Plan. **If Class 4 Votes to Accept the Plan**: • The Drivers Distribution shall be increased to $20,000.00.
5. General Unsecured Claims	Impaired, entitled to vote	• General Unsecured Creditors shall be entitled to receive: (i) a Pro Rata share of $5,000.00 on the first anniversary of the Effective Date of the Plan; and (ii) a Pro Rata share of the proceeds, if any, of the Debtor's Causes of Action against the Bank if the Bank votes to reject the Plan. **<u>If Class 5 Votes to Accept the Plan</u>**: • The General Unsecured Creditor Distribution shall be increased to $20,000.00
6. Equity Interests	Impaired, deemed to reject plan	• On the Effective Date of the Plan, all Equity Interests in the Debtors shall be deemed extinguished. • On the Effective Date of the Plan, 100% of the Equity Interests in the Reorganized Debtors shall be deemed distributed to the President, in exchange for his ongoing services as the Debtors' sole executive.

3.4. **<u>Proposed Settlement with Accepting Classes</u>**

- Under the Plan, each class that is entitled to vote on the Plan will receive superior treatment if such class votes to accept the Plan. The superior treatment of an accepting class constitutes an offer to settle objections to confirmation of the Plan that could be raised by such class. While the Debtors believe that the treatment of non-accepting classes under the Plan is fair and equitable and meets all requirements of the Bankruptcy Code, the Debtors also believe that these settlement offers will enable the estates to avoid the expense and delay of extensive litigation of confirmation issues, NS reflects a fair compromise for classes

that are willing to accept the plan and a sound exercise of the Debtors' business judgment.

2. **ALLOWANCE AND DISALLOWANCE OF CLAIMS**

2.1. The Plan contains the following provision concerning the allowance and disallowance of claims:

- **Disputed Claim**. A disputed claim is a claim that has not been allowed or disallowed, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

- **Delay of Distribution on a Disputed Claim**. No distribution shall be made on account of a disputed claim unless such claim is allowed.

- **Settlement of Disputed Claims**. The Debtor shall have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

3. **PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

3.1. The Plan contains the follow provision concerning the assumption and rejection of executory contracts by the Debtors:

- The Debtor rejects the following Executory Contracts and/or Unexpired Leases effective upon the date of the entry of the order confirming this Plan: NONE

- The Debtor shall be conclusively deemed to have assumed all Executory Contracts and/or Unexpired Leases not expressly assumed under section 5.1 above or otherwise provided for under this Plan, or before the date of the order confirming this Plan. A proof of a claim arising from the rejection of an Executory Contract or Unexpired Lease under this section must be filed no later than thirty (30) days after the date of the order confirming this Plan.

4. **MEANS OF IMPLEMENTING THE PLAN**

4.1. **Continued Operation of the Debtors' Businesses Under the Plan**.

- The Plan is premised on the Reorganized Debtors retaining ownership and control of their Medallions, taxicabs and taxicab equipment, continuing to operate their businesses, and making periodic payments to their secured and unsecured creditors from the revenues of those businesses.

4.2. **Management and Control of the Reorganized Debtors**.

- Under the Plan, Mr. Paul would continue to serve as the Reorganized Debtors' President, manager, and sole director following the Effective Date of the Plan.

4.3. **Sources of Plan Payments**.

- During the period between the Confirmation Date and the Effective Date, the Debtors shall cease making adequate protection payments, and the Debtors' Net Revenues shall be placed in the Escrow Account maintained by the Plan Administrator.

- The Effective Date of the Plan shall occur on the fifth business day following date on which the funds in the Escrow Account are sufficient to pay all allowed Administrative Claims and

allowed Class 1 Priority Non-Tax Claims in full.

- During the first year following the Effective Date of the Plan, the Reorganized Debtors shall use a portion of their Net Revenues to: (i) make equal monthly payments into an escrow account maintain by Counsel to the Debtor, in amounts sufficient to fully fund the Driver Distribution and General Unsecured Creditor Distribution by the end of the first year; and (ii) fund the legal fees and expenses necessary to pursue the Debtors' Causes of Action against the Bank, if the Bank votes to reject the Plan.

- During the first year following the Effective Date of the Plan, the balance of the Reorganized Debtors' Net Revenues, after making the payments outlined in section 6.3 above, shall be used to fund such investments as are necessary to enable the Debtors to operate all ten Medallions as soon as possible following the Effective Date, including, without limitation, to fund the purchase of new taxicabs and relate hack-up and insurance expenses.

5. RISK FACTORS

5.1. **The proposed Plan has the following risks:**

- The source of the Debtors' revenues are lease payments received from the drivers of the Debtors' taxicabs. The Debtors may be able to locate drivers willing to lease some or all of their cars. In addition, competition for drivers from green and e-hail cabs may continue to reduce the amounts of the lease payments drivers are willing to make to the Debtors, and force the Debtors to lower their lease rates.

- The Debtors vehicles may become inoperable or obsolete, and require an expenditure of capital that reduces the ability of the Debtors to make its periodic plan payments.

- Unforeseen market changes or changes in TLC regulations may erode the Debtors' businesses or reduce their revenues, impairing their ability to make Plan payments.

6. TAX CONSEQUENCES OF PLAN

6.1. Consummation of the Plan, including certain cancellation of indebtedness of the Debtors and other actions required under the Plan may result in recognition of income, deductions, gain or loss to the Debtors and the possible incurrence of taxes, which may constitute an Administrative Expense Claim.

6.2. The Federal income tax consequences to a particular Creditor will depend primarily upon whether that Creditor's claim constitutes a security for Federal income tax purposes. The determination as to whether any particular Claim constitutes a security is complex and depends on facts and circumstances surrounding the origin and nature of the Claim. The receipt of Cash by the holder of an allowed General Unsecured Claim against the Debtors may be a fully taxable transaction. Accordingly, holders of those Claims may recognize gain or loss in an amount equal to the difference between (i) the amount realized in satisfaction of the Claim (other than in respect of any Claim for accrued but interest, and excluding any portion required to be treated as imputed interest due to the post-Effective Date distribution of such consideration following the resolution of any Disputed Claims in the same class), and (ii) the holder's adjusted tax basis in its Claim (other than any Claim for accrued but unpaid interest).

6.3. **NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM. EACH HOLDER**

OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS.

7. CONFIRMATION REQUIREMENTS AND PROCEDURES

7.1. To be confirmable, the Plan must meet the requirements listed in §§ 1129(a) or (b) of the Code. These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a chapter 7 liquidation case, unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in § 1129, and they are not the only requirements for confirmation.

7.2. Who May Vote to Accept or Reject the Plan?

- Many parties in interest are not entitled to vote to accept or reject the Plan. A creditor or equity interest holder has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

- The Debtors believe that classes 2, 3, 4, 5 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. Class 6 is impaired but not entitled to receive anything under the Plan, and therefor is deemed to reject the Plan. The Debtors believe that class 1 is unimpaired and that holders of claims in this class, therefore, do not have the right to vote to accept or reject the Plan.

7.3. Who May Object to Confirmation of Plan?

- Any party in interest may object to the confirmation of the Plan if the party believes that the requirements for confirmation are not met.

- **EVEN IF YOU ARE NOT ENTITLED TO VOTE ON THE PLAN, YOU HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.**

7.4. What Is an Allowed Claim or an Allowed Equity Interest?

- Only a creditor or equity interest holder with an allowed claim or an allowed equity interest has the right to vote on the Plan. Generally, a claim or equity interest is allowed if either (1) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a proof of claim or equity interest, unless an objection has been filed to such proof of claim or equity interest. When a claim or equity interest is not allowed, the creditor or equity interest holder holding the claim or equity interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or equity interest for voting purposes pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure.

7.5. What Is an Impaired Claim or Impaired Equity Interest?

- As noted above, the holder of an allowed claim or equity interest has the right to vote only if it is in a class that is impaired under the Plan. As provided in § 1124 of the Code, a class is considered impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class.

7.6. **Who is Not Entitled to Vote?** The holders of the following five types of claims and equity interests are not entitled to vote:

- holders of claims and equity interests that have been disallowed by an order of the Court;
- holders of other claims or equity interests that are not "allowed claims" or "allowed equity interests" (as discussed above), unless they have been "allowed" for voting purposes.
- holders of claims or equity interests in unimpaired classes
- holders of claims entitled to priority pursuant to §§ 507(a)(2), (a)(3), and (a)(8) of the Code; and
- holders of claims or equity interests in classes that do not receive or retain any value under the Plan;
- holders of administrative expense claims.

7.7. **Who Can Vote in More Than One Class**

- A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim, or who otherwise hold claims in multiple classes, is entitled to accept or reject a Plan in each capacity, and should cast one ballot for each claim.

7.8. **Votes Necessary to Confirm the Plan**

- If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that class, and all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by cram down on non-accepting classes.

7.9. **Votes Necessary for a Class to Accept the Plan**

- A class of claims accepts the Plan if both of the following occur: (1) the holders of more than one-half (1/2) of the allowed claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds (2/3) in dollar amount of the allowed claims in the class, who vote, cast their votes to accept the Plan.
- A class of equity interests accepts the Plan if the holders of at least two-thirds (2/3) in amount of the allowed equity interests in the class, who vote, cast their votes to accept the Plan.

7.10. **Treatment of Nonaccepting Classes**

- Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds nonaccepting classes is commonly referred to as a cramdown plan. The Code allows the Plan to bind nonaccepting classes of claims or equity interests if it meets all the requirements for consensual confirmation except the voting requirements of § 1129(a)(8) of the Code, does not discriminate unfairly, and is fair and equitable toward each impaired class that has not voted to accept the Plan.
- **YOU SHOULD CONSULT YOUR OWN ATTORNEY IF A CRAMDOWN CONFIRMATION WILL AFFECT YOUR CLAIM OR EQUITY INTEREST, AS**

THE VARIATIONS ON THIS GENERAL RULE ARE NUMEROUS AND COMPLEX.

8. **LIQUIDATION ANALYSIS**

8.1. To confirm the Plan, the Court must find that all creditors and equity interest holders who do not accept the Plan will receive at least as much under the Plan as such claim and equity interest holders would receive in a chapter 7 liquidation.

- The Debtors believe that, because substantially all of their assets other than potential Causes of Action against the Bank are subject to the liens of the Bank and/or Toyota, and because the Debtors would have no funds in the event of a liquidation to pursue Causes of Action against the Bank, all Classes of Claims and Interests other than Class 2 (the Bank Secured Claim) and Class 3 (the Toyota Secured Claim) would receive no distributions or recoveries in chapter 11 liquidation.

- Attached hereto as Exhibit B is the Debtors' liquidation analysis.

9. **FEASIBILITY**

9.1. The Court must find that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor, unless such liquidation or reorganization is proposed in the Plan. The Debtors must also show that it will have enough cash over the life of the Plan to make the required Plan payments.

9.2. **Ability to Initially Fund Plan**

- The Debtors believes that the Debtor will have enough cash on hand on the effective date of the Plan to pay all the claims and expenses that are entitled to be paid on that date. Tables showing the amount of cash on hand on the effective date of the Plan, and the sources of that cash are attached to this disclosure statement as Exhibit F.

9.3. **Ability to Make Future Plan Payments And Operate Without Further Reorganization**

- The Debtor has provided projected financial information. Those projections are listed in Exhibit C.

- The Debtors' financial projections show that the Debtor will have an aggregate annual average cash flow, after paying operating expenses and post-confirmation taxes, of $_____

- **YOU SHOULD CONSULT WITH YOUR ACCOUNTANT OR OTHER FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE PROJECTIONS.**

10. **EFFECT OF CONFIRMATION OF PLAN: DISCHARGE**

10.1. The plan contains the following discharge provisions:

- Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of any and all Claims and Interests, of any nature whatsoever, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, including any interest accrued on Claims from and after the Petition

Date, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, whether or not: (1) a proof of claim or interest based upon such debt, right, or interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (2) a Claim or Interest based upon such debt, right, or Interest is allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan.

- Any default by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date.

- The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the occurrence of the Effective Date.

11. **EFFECT OF CONFIRMATION OF PLAN: SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

11.1. The Plan contains the following settlement provisions, releases by the debtors, exculpation provisions, third party releases, injunction provisions, and release of lien provisions.

- **Compromise and Settlement of Claims and Controversies**. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any allowed Claim or Interest, or any distribution to be made on account of such an allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, after the Effective Date, the Reorganized Debtors may compromise and settle Claims or Causes of Action.

- **Releases by the Debtors**. Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, for good and valuable consideration, the adequacy of which is hereby confirmed, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed forever released and discharged by the Debtors, the Reorganized Debtors, the Estates, and any person seeking to exercise the rights of the Estates, from any and all Claims, obligations, rights, suits, judgments, demands, debts, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of the Debtors, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11

Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities (i) otherwise specifically provided in the Plan, or (ii) arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct (including fraud), gross negligence or criminal conduct. Notwithstanding anything to the contrary contained herein, nothing in this Plan shall be deemed to release any of the Debtors, or the Reorganized Debtors from their obligations under either this Plan or the transactions contemplated thereby.

- **Exculpation**. Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur and each Exculpated Party is hereby released and exculpated from any Claim, obligation, Cause of Action, or liability for any Exculpated Claim, other than Claims, obligations, Causes of Action, or liabilities arising out of or relating to any act or omission of an Exculpated Party that constitutes willful misconduct (including fraud), gross negligence or criminal conduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon the entry of the Confirmation Order shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Nothing in this paragraph shall impair the police or regulatory powers of the government of the United States of America or of any state within the United States, their agencies, departments, and agents, or be deemed to be a release in violation of applicable attorney disciplinary rules.

- **Third-Party Releases by Holders of Claims and Interests**. Except as otherwise specifically provided in the Plan, on and after the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, holders of Claims and Interests (1) voting to accept the Plan (which is deemed an acceptance of the release herein) or (2) abstaining from voting (not voting to accept or reject the Plan) and not opting out from the release herein (which by definition, does not include holders of Claims and Interests who (a) vote to reject the Plan or (a) are not entitled to vote to accept or reject the Plan and do not otherwise consent to the releases set forth in this section), shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, judgments, demands, debts, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of a Debtor, whether known or unknown, matured or unmatured foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Debtors' Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct (including fraud), gross negligence or criminal conduct. The government of the United States of America and of any within the United States, including their agencies,

departments, and agents, are deemed to have opted out of the releases provided for in this paragraph and, therefore, are not bound by the releases provided for in this paragraph (and any injunctions relating to such releases).

- **Injunction**. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan from and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtor, the Debtor Releasees, their successors and assigns, and their assets and properties, as the case may be, any suit, action or other proceeding, on account of or respecting any Claim, demand, liability, obligation, debt, right, Cause of Action, interest or remedy released or to be released, exculpated, or to be exculpated, pursuant to the Plan or the Confirmation Order.

- **Release of Liens**. Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is allowed, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtors and their successors and assigns.

12. **MODIFICATION OF PLAN**

12.1. The Debtors may modify the Plan at any time before confirmation of the Plan, provided that: (i) the Court may require a new disclosure statement and/or re-voting on the Plan; and (ii) no material modifications would be made to the Plan post-confirmation without notice and a hearing.

13. **FINAL DECREE**

13.1. The Debtors shall file quarterly post-confirmation status and disbursement reports by the 20th day of the relevant reporting quarter (until these cases are dismissed, converted, or closed by means of a final decree, whichever may happen earlier).

13.2. Once the estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Debtors, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

13.3. Alternatively, the Court may enter such a final decree on its own motion.

Dated: New York, NY
November 12, 2016

THE LAW OFFICES OF JEREMY S. SUSSMAN

By: /s/ Jeremy S. Sussman
Jeremy S. Sussman
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Counsel for the Debtors

Exhibit A

OCTOBER 2016 MEDALLION SALES CHART

	Asset Sales		Stock Transfers	
Medallion Classification	**Prices**	**Notes**	**Prices**	**Notes**
Independent Accessible	N/A		N/A	
Independent alternative fuel	N/A		N/A	
Independent unrestricted	$600,000.00	Foreclosure	$0.00	10%
	$0.00	Individual to LLC		
	$0.00	Individual to LLC		
	$0.00	Individual to LLC		
	$0.00	Family		
Corporate accessible	N/A		N/A	
Corporate alternative fuel	N/A		N/A	
Corporate unrestricted	$950,000.00	2 Medallions		

Exhibit B

LIQUIDATION ANALYSIS

Assets

Banco Popular collateral:	$	4,750,000.00
Toyota collateral:	$	30,000.00
Cash:	$	16,000.00
Accounts Receivable:	$	-
Total Assets / Proceeds:	$	4,796,000.00

Chapter 7 Expenses

Trustee Fees:	$	2,410.00
Wind down and Professional Fees:	$	5,000.00

Estimated Recovery By Creditors	**Chapter 7 Liquidation**		**Under Debtors' Plan**	
Administrative Claims:	$	8,590.00	$	20,000.00
Priority Tax Claims			$	171,947.87
Class 1 - Priority:	$	-	$	-
Class 2 - Banco Popular:	$	4,750,000.00	$	7,823,725.00
Class 3 - Toyota:	$	30,000.00	$	43,346.48
Class 4 - Drivers:	$	-	$	20,000.00
Class 5 - General Unsecured Creditors:	$	-	$	50,000.00
Total Projected Recovery By Creditors	**$**	**4,788,590.00**	**$**	**8,129,019.35**

Exhibit C

FINANCIAL PROJECTIONS

Income	**Year 1**	**Years 2-5**	**Years 6-20**
Q1	$ 67,200.00	$ 108,000.00	$ 120,000.00
Q2	$ 86,400.00	$ 108,000.00	$ 120,000.00
Q3	$ 96,000.00	$ 108,000.00	$ 120,000.00
Q4	$ 96,000.00	$ 108,000.00	$ 120,000.00
Total Annual Income	**$ 345,600.00**	**$ 432,000.00**	**$ 480,000.00**
Expenses			
Priority Tax Claims	$ 34,390.00	$ 34,390.00	0
Drivers Claims	$ 20,000.00	$ -	0
General Unsecured Creditors Claims	$ 20,000.00	$ -	0
Toyota	$ 7,455.00	$ 7,455.00	0
Banco Popular	$ -	$ 146,775.00	$ 146,775.00
Taxes	$ 5,625.00	$ 13,970.00	$ 45,327.00
Insurance	$ 72,000.00	$ 75,000.00	$ 80,000.00
TLC Renewal Fees	$ 8,250.00	$ 8,500.00	$ 9,000.00
Maintenance	$ 20,000.00	$ 15,000.00	$ 15,000.00
New Vehicles	$ 100,000.00	$ 60,000.00	$ 80,000.00
Professional Fees	$ 6,000.00	$ 7,000.00	$ 8,000.00
Tax Stamp	$ 20,000.00	$ 22,000.00	$ 25,000.00
Total Annual Expenses:	**$ 313,720.00**	**$ 390,090.00**	**$ 409,102.00**
Net Revenue			
Annual Net Revenue	**$ 31,880.00**	**$ 41,910.00**	**$ 70,898.00**