UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re:

S.H.S. RESORT, LLC **Case No.: 8:10-bk-25886-MGW**
Chapter 11 Case

Debtor.
_____/

DISCLOSURE STATEMENT IN SUPPORT OF S.H.S. RESORT, LLC'S, CHAPTER 11 PLAN OF REORGANIZATION, DATED AS OF FEBRUARY 28, 2011

I. INTRODUCTION

This is the Disclosure Statement (the "Disclosure Statement") in the Chapter 11 case of S.H.S. Resort, LLC. This Disclosure Statement contains information about the Debtor and describes S.H.S. Resort, LLC's, Chapter 11 Plan of Reorganization, Dated as of February 28, 2011 (the "Plan").

YOUR RIGHTS MAY BE AFFECTED. YOU SHOULD READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY AND DISCUSS THEM WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.

A. Purpose of this Document

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 United States Bankruptcy Court for the Middle District of Florida (the "Court") will consider when deciding whether to confirm the Plan,

- Why the Debtor believes 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.

Be sure to read the Plan as well as this Disclosure Statement. This Disclosure Statement describes the Plan, but it is the Plan itself that will, if confirmed, establish your rights. All terms used herein shall have the meaning set forth herein or, if not defined herein, shall have the meaning set forth in the definitions section of the Plan. A copy of the Plan is attached hereto as **Exhibit "A".**

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

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.

1. *Time and Place of the Hearing to Approve This Disclosure Statement and Confirm the Plan*

The hearing at which the Court will determine whether to approve this Disclosure Statement and confirm the Plan will take place on _____, at _____ am/pm, at the Sam M. Gibbons United States Courthouse, 801 N. Florida Ave, Tampa, Florida 33602.

2. *Deadline For Voting to Accept or Reject the Plan*

If you are entitled to vote to accept or reject the plan, vote on the enclosed ballot and return the ballot to the Clerk of the Bankruptcy Court at the above address, with a copy to Hugo S. deBeaubien, Esq., 101 E. Kennedy Blvd., Suite 2800, Tampa, Florida, 33602. See section IV.A. below for a discussion of voting eligibility requirements.

Your ballot must be received by _____ or it will not be counted.

3. *Deadline For Objecting to the Adequacy of the Disclosure Statement and Confirmation of the Plan*

Objections to this Disclosure Statement or to the confirmation of the Plan must be filed no later than _____.

4. *Identity of Person to Contact for More Information*

If you want additional information about the Plan, you should contact Hugo S. deBeaubien, Esq., at Shumaker, Loop & Kendrick, LLP, 101 E. Kennedy Blvd., Suite 2800, Tampa, Florida, 33602; Tel.: 813-221-7425; Email: bdebeaubien@slk-law.com.

C. **Disclaimer**

The Court has not yet approved this Disclosure Statement as containing adequate information to enable parties affected by the Plan to make an informed judgment about its terms. The Court has not yet determined whether the Plan meets the legal requirements for confirmation, and the fact that the Court may approve this Disclosure Statement does not constitute an endorsement of the Plan by the Court, or a recommendation that it be accepted. This Disclosure Statement is subject to final approval at the hearing on confirmation of the Plan.

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II. BACKGROUND

A. Description of Debtor's Business

S.H.S. Resort, LLC ("SHS," "Debtor," "Debtor-in-Possession," or "Reorganized Debtor," as appropriate), a Florida limited liability company, was created as a single purpose entity in late 2004 to purchase the property on Tampa Bay's northeastern shore that is the home to the Safety Harbor Resort and Spa (the "Resort"). SHS owns only the real property and the personal property of the Resort. The Resort contains a functioning hotel with one hundred seventy five (175) guest rooms, a first-class spa and fitness center featuring award–winning services and facilities, 3 pools, seven (7) tennis courts, a modern convention center, a theater, a grand ballroom that can accommodate functions with over two hundred (200) diners, a full service restaurant plus tiki bar and lobby lounge, ample meeting and conference space, and approximately fifteen (15) acres of undeveloped greenspace on the shore of Tampa Bay.

B. Relation to Debtor's Affiliates; Purchase of the Resort

In mid 2004, Olympia Development Group, Inc. ("Olympia"), through several affiliates and partnerships, controlled the southwest corner of Main Street and Bayshore Drive in downtown Safety Harbor, Florida. This corner is across the street from the 25 acres now owned by the Debtor. Olympia's 2004 plans called for development and construction of a mixed use office/retail building on the corner, along with a luxury residential condominium project with views overlooking Bayshore Drive, the municipal marina, and wide expanses of Tampa Bay. While the project was still in the early planning stages, the historic Safety Harbor Resort and Spa was placed on the market by its then-owner, Meristar Hospitality Corporation. Olympia quickly learned that all serious bidders were condominium developers with plans to demolish the Resort and build condominiums. The bidders were lured by the potential development possibilities on the almost 20 acres of developable land, and by the seemingly endless increase in condominium pricing.

Olympia entered the bidding in an effort to save the historic resort, and to control the pace and quality of any future residential project on the Resort's surrounding green space. Olympia won the bid, created SHS, and closed on the property in December 2004. SHS retained the former management company in place to allow for seamless operation of the Resort until March 2006. At that time, Olympia formed a new affiliate, Olympia Hotels Management, LLC ("Olympia Hotels Management"), to operate the resort under a contractual arrangement with SHS. Olympia Hotels Management continues to operate the Resort under a month to month arrangement.

C. The Major Financing on the Resort

In October 2006, after Olympia controlled both the ownership and the operation of the Resort, it arranged for a major refinancing with Wells Fargo Bank. The resulting loan for $29,700,000 (the "Loan") and net proceeds were used for extensive renovations for all guestrooms and major portions of the common area, as well as capital improvements. The Loan

contained provisions requiring the sale or development of the 15-acre undeveloped portion of Debtor's property (the "Greenspace"). While the appraised vale of the property and resort supported the full amount of the Loan when the Loan was made, the Resort operations were only able to support and cover about one-half of the debt service allocated to the operating Resort. Olympia's other operations, through a series of inter-company loans or advances, paid the debt service on the remaining one-half of the debt, which was allocated to the Greenspace and future development.

D. Reason for Filing Chapter 11

The financial collapse of 2008 hit three sectors of Florida's economy particularly hard. First was real estate. Second was hotel and resort performance. Third was consumer spending on goods and services deemed to be luxury items. This created a perfect storm for a waterfront hotel with developable land whose revenues are driven by hotel accommodations, food and beverage, massages, facials, and other luxury services.

Since 2008, Resort revenues have been down by over 40%. This makes satisfying full debt service and paying operating expenses difficult, especially in the summer months when the Debtor experiences historically low occupancy. Additionally, the ability to sell or develop the waterfront condominiums is extremely difficult under the present circumstances. This fact left SHS with no opportunity to refinance or pay off the one-half of the Loan allocated to the Greenspace. Instead SHS is left with Greenspace that is significantly devalued, and with obligations to continue servicing the debt on the property which currently produces no revenue. Finally, the spa and fitness revenues, along with food and beverage and catering functions, continue to suffer below their 2007 levels based on the overall state of the Florida economy. As revenues dropped, Olympia's outside investment income contributed more and more to the annualized budget of the Resort to keep it afloat.

The Debtor seeks to reorganize by using the valued amount of the secured portion of the Loan, consistent with 11 U.S.C. 506, valued in line with current appraisals and operating cash flow, as its secured debt thereby reducing overall debt service and obligations against the property. By keeping Olympia Hotels Management in place, the Debtor will leverage the knowledge and reputation of the existing management, which will allow for further contributions by Olympia toward the Debtor's reorganization.

E. Insiders of the Debtor

The Debtor has one equity security holder, its managing member, Olympia Investment Group, LLC. Olympia Investment Group, in turn, has the following members:

William Touloumis
George Touloumis
Frank Touloumis
John Touloumis
Stathy Touloumis
Anesti Siandris

Although the Equity Security Holders will receive a one hundred percent (100%) stake in the Reorganized Debtor, neither of the Equity Security Holders will receive any distribution on account of any asserted claim either of them holds against the Debtor or its Estate until all other classes of creditors are paid in full pursuant to this Plan..

F. Management of the Debtor Before, During and After the Bankruptcy

During the two years prior to the date on which the bankruptcy petition was filed, and during the pendency of the Debtor's Chapter 11 case, Debtor has been managed by Olympia Hotels Management, LLC. After the Effective Date of the Order confirming the Plan, the Reorganized Debtor will continue to be managed by Olympia Hotels Management, LLC.

G. 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.

H. Current and Historical Financial Conditions

The identity and fair market value of the estate's assets are as follows:

Real Property described on **Exhibit "B"** and located in Pinellas County, Florida has a current fair market value of approximately $13,857,816.67, which is below Secured Lender's asserted secured claim amount. The Secured Lender claims the Debtor is indebted on a mortgage for this Property in an amount exceeding $24,000,000.00.

The Debtor has approximately $14,500,000.00 in assets, consisting of both real and personal property.

III. SUMMARY OF THE CHAPTER 11 PLAN AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. What is the Purpose of the Chapter 11 Plan?

As required by Chapter 11 of Title 11 of the United States Code (the "Code"), the Plan places Creditors and Equity Security Holders in various classes and describes the treatment each class will receive on account of their allowed claim amounts. The Plan also provides whether each class of Claims or Equity Security Holders is impaired or unimpaired. Unimpaired classes will receive payment in full on their allowed claim amounts. Impaired classes will receive either payment in full under circumstances less advantageous than previously agreed upon between the claim holder and the Debtor, or pro rata payment of their allowed claim amounts. If the Plan is confirmed, your recovery will be limited to the amount provided by the Plan and will be paid on terms set forth in the Plan, as confirmed.

B. Unclassified Claims

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.

Administrative Expenses and Priority Claims

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed pursuant to § 507(a)(2) of the Code. Administrative expenses also include the value of any goods sold to the Debtor in the ordinary course of business and received within 20 days before the petition date of February 12, 2010 ("Petition Date"). The Bankruptcy Code requires that all administrative expenses be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists the Debtor's estimated administrative expenses, and their proposed treatment under the Plan:

Type	**Estimated Amount Owed**	**Proposed Treatment**
Expenses Arising in the Ordinary Course of Business After the Petition Date	Unknown	Paid in full on the Effective Date of the Plan, or according to terms of obligation, if later.
Professional Fees, not yet approved by the Court. **Shumaker, Loop & Kendrick, LLP—Counsel for the Debtor** **Keystone Consulting Group--Accountants**	$125,000.00 (Approx.) $15,000.00	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to Court Order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	Unknown	Paid in full on the Effective Date of the Plan
Other administrative expenses	Unknown	Paid in full on the Effective Date of the Plan or according to separate written agreement
Office of the U.S. Trustee Fees	Unknown	Paid in full on the Effective Date of the Plan
TOTAL	$145,000.00 (Approx.)	

C. **Classes of Claims and Equity Interests**

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

1. *Classes of Priority Claims*

Class 1 –Priority Creditors	Impaired.	Priority Creditors will be paid in full over the course of five years from the Effective Date of this Plan along with interest at the rate of 12% from Estate Assets.

2. *Classes of Secured Claims*

Class	**Description**	**Impairment**	**Description of Treatment**
Class 2	Secured Claim of Pinellas County Tax Collector	Impaired	The Secured Claim of the Pinellas County Tax Collector, if any, will be paid a tax amount consistent with the valuation of the subject property, which shall constitute its allowed claim amount in annual payments to be made over the course of five years from the Effective Date of this Plan along with interest at the rate of 12% from Estate Assets. As a result of the treatment afforded herein, the Pinellas County Tax Collector will be precluded from exercising its statutory rights and remedies normally afforded to the Pinellas County Tax Collector in the collection of delinquent ad valorem real estate and tangible personal property taxes.

Class 3	Secured claim of: Secured Lender Collateral description =See attached **Exhibit "B"** Priority of lien = First	Impaired	The Property constituting Secured Lender's collateral was valued by stipulated Order of the Bankruptcy Court entered January 25, 2011 (Doc. No. 118). The $13,857,816.67 valued amount will be paid as follows: The Debtor will pay the Secured Lender the Net Principal amount of $11,057,816.67 less the sum of adequate protection payments, made during the Chapter 11 case prior to the Effective Date, on the basis of a 25 year amortization, with a ten year balloon payment at interest rate of the Prime Rate of interest (determined annually on January 1 of each year) plus 1% interest, subject to an interest rate floor of 4.25%. Each year the interest rate will adjust on the anniversary date of the Effective Date and may be adjusted upwardly or downwardly up to 0.5% per year based upon the Prime Rate plus 1% formula ("Note A"). The Note A payments will be paid from operational cash flow. The Debtor will pay the Secured Lender the amount of $2,800,000.00 on the basis of a 3 year note which shall accrue interest rate of the Prime Rate of interest (determined annually on January 1 of each year) plus 1% interest, subject to an interest rate floor of 5.0%. Each year the interest rate will adjust on the anniversary date of the Effective Date and may be adjusted upwardly or downwardly up to 0.5% per year based upon the Prime Rate plus 1% formula ("Note B"). The Note B obligation will be paid upon the sale or refinancing of the 8-acre parcel which can be sold without adversely affecting the Resort and Spa portion of the property. Notes A and B shall be collectively known as the Net Principal. While payments are made, as set forth above, the Guarantors shall not be liable for any amounts to Secured Lender over and above the repayment of the Net Principal, as outlined above. Any claims against the Guarantors shall be stayed indefinitely as long as timely payments are made on the Net Principal monthly on the Note A and Note B obligations. At the conclusion of the Reorganized Debtor making all payments of the Net Principal during the Note Period, the Guarantors shall be fully and finally released.

3. *Class of General Non-Insider Unsecured Claims*

General Non-Insider unsecured claims are not secured by property of the estate and are not entitled to priority under § 507(a) of the Code.

The following chart identifies the Plan's proposed treatment of general unsecured claims against the Debtor:

Class #	**Description**	**Impairment**	**Treatment**
Class 4	Non-Insider Unsecured Trade Creditors	Impaired	Non-Insider Unsecured Trade Creditors holding Non-Insider Allowed Claims will be paid through a series of Distributions totaling ninety percent (90%) of their Allowed Claim, without interest, to be made on a quarterly basis, at a rate of four and a half percent (4.5%) of their Allowed Claim per quarter, beginning on the Effective Date of this Plan and continuing for a period of five years. Any Disputed Claim or Claim for which an objection has been interposed shall have its proportionate quarterly distributions disbursed into a segregated escrow account pending the resolution of the claim objection.

Class 5	Unsecured Claims of Secured Lender	Impaired	Allowed Undersecured Claim of Secured Lender will be paid through a series of Distributions totaling ten percent (10%) of any Allowed Undersecured Claim in equal quarterly installments beginning on the Effective Date of this Plan and continuing for a period of five years. Any Disputed Claim or Claim for which an objection has been interposed shall have its proportionate quarterly distribution disbursed into a segregated escrow account pending the resolution of the claim objection.
Class 6	Administrative Convenience Class of Unsecured Claims	Impaired	Any Claimant holding a Claim in Class 4 or 5 may elect to voluntarily reduce the amount of their Allowed Claim to $1,000.00 ("Reduced Allowed Claim") and to have such Reduced Allowed Claim paid in full within 90 days of the Effective Date in complete satisfaction of the Claimant's Claim.

Class 7	Unsecured Claims of Insiders and Affiliates of the Debtor	Impaired	Unsecured Creditors who are Insiders or Affiliates of the Debtor will be paid by the Debtor only after all Class 1-6 Allowed Claims have been paid in full. Any Disputed Claim or Claim for which an objection has been interposed shall have its proportionate quarterly distributions disbursed into a segregated escrow account pending the resolution of the claim objection.

4. *Class of Equity Security Holders*

Equity Security Holders are parties who hold an ownership interest in the Debtor. In a limited liability company, the members of the LLC are Equity Security Holders.

The following chart sets forth the Plan's proposed treatment of the class of Equity Security Holders:

Class #	**Description**	**Impairment**	**Treatment**
Class 8	Equity Security Holders	Impaired	Equity Security Holders shall receive, on account of their contribution of a portion of their ownership interests in other business ventures, a distribution of membership interests in the Reorganized Debtor consistent with their current Equity Security holdings.

D. Means of Implementing the Plan

1. *Source of Payments*

The Reorganized Debtor will continue to operate the Resort and will fund all distributions required under this Plan from such Operations. The Reorganized Debtor will also explore the sale or development of any vacant parcels on the Property to their highest and best use in order to create addition revenue from which to fund Plan distributions; at present, the Debtor expects a sale or refinancing of the 8 acre parcel in connection with such efforts.

2. *Post-confirmation Management*

The Reorganized Debtor, in conjunction with Olympia Hotels Management, LLC, will be responsible for management of the Resort and the Property. The Reorganized Debtor will pay all expenses from operating revenue as projected on the budget which is appended the Disclosure Statement.

3. Additional Means

The current Equity Security Holders will pledge equity security interests in unrelated business venture to provide additional means for execution of the Plan obligations. Additionally, the current Equity Security Holders will contribute in excess of $2,000,000 of working capital for both the improvement of the subject Property and to assist in the liquidity and operational cash flow of the Debtor.

E. Risk Factors

Assuming that the Plan is confirmed, the Plan's success going forward depends almost entirely on the Reorganized Debtor's ability to generate increasing revenue through its Resort operations, including room and event reservations and spa, food, and beverage services. The Debtor is making every effort to streamline and increase efficiencies from an operations standpoint, and expects that, even at current activity levels, it will have no difficulty meeting its payment obligations to all creditors under the Plan.

F. **Executory Contracts and Unexpired Leases**

The Plan provides a means by which all executory contracts and unexpired leases will be assumed or rejected by the Debtor under the Plan. Assumption means that the Debtor has elected to continue to perform the obligations under such contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court has set an earlier time.

All executory contracts and unexpired leases that are not listed in the Plan, or the subject of a separately filed Motion to Assume or Reject, will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases.

If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

The Deadline for Filing a Proof of Claim Based on a Claim Arising from the Rejection of a Lease or Contract Is Thirty (30) days after the rejection of any Lease or Contract, notwithstanding the Bar Date. Any claim based on the rejection of a contract or lease will be barred if the proof of claim is not timely filed, unless the Court orders otherwise.

G. **Tax Consequences of Plan**

CREDITORS AND EQUITY INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS.

IV. CONFIRMATION REQUIREMENTS AND PROCEDURES

To be confirmed, 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 security interest holder at least as much as the creditor or equity security 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.

A. Who May Vote or Object

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

Many parties in interest, however, 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.

In this case, the Plan Proponent believes that Classes 2, 3, 4, 5, 6, 7, 8 and 9 are impaired and that holders of claims in each of these classes are therefore entitled to vote to accept or reject the Plan. The Plan Proponent believes that the other classes of claims are unimpaired and that holders of claims in these classes, therefore, do not have the right to vote to accept or reject the Plan.

1. *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.

***The deadline set by the Bankruptcy Court for filing a proof of claim in this case was* January 11, 2011.**

The deadline for filing objections to claims has not been set.

2. *What Is an Impaired Claim or Impaired Equity Interest?*

As noted above, the holder of an allowed claim or equity security interest has the right to vote only if it is in a class which 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.

3. *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 security 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;
- administrative expenses.

Even If You Are Not Entitled to Vote on the Plan, You Have a Right to Object to the Confirmation of the Plan and to the Adequacy of the Disclosure Statement.

4. *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 their claim in each different class.

B. 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 (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by cram down on non-accepting classes.

1. *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.

2. *Treatment of Non-Accepting Classes*

Even if one or more impaired classes reject the Plan, the Bankruptcy Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by § 1129(b) of the Code. A plan that binds non-accepting classes is commonly referred to as a cram-down plan. The Code allows the Plan to bind non-accepting 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.

C. Liquidation Analysis

To confirm the Plan, the Bankruptcy 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 Creditors and Equity Interest Holders would receive in a chapter 7 liquidation. A liquidation analysis will be filed under separate cover.

D. **Feasibility**

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.

1. *Ability to Fund Plan*

The Debtor-in-Possession believes that it 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 and, further, that the Reorganized Debtor will generate sufficient Cash through Operations to fund the Plan during the Plan Distribution Period without having to utilize its additional cash on hand following the Effective Date. A projected budget and proforma for the Reorganized Debtor in support of these assertions will be filed under separate cover.

You Should Consult with Your Accountant or other Financial Advisor If You Have Any Questions Pertaining to These Projections.

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V. EFFECT OF CONFIRMATION OF PLAN

A. Binding Effect of Confirmation

In accordance with § 1141(a) of the Code, the provisions of a confirmed plan bind the Debtor, any entity issuing securities under the Plan, any entity acquiring property under the Plan, and any Creditor, equity security holder, or general partner in the Debtor, whether or not the Claim or Interest of such Creditor, equity security holder or general partner is impaired under the Plan and whether or not such Creditor, equity security holder or general partner has accepted the Plan.

B. Modification of Plan

The Debtor-in-Possession may modify the Plan at any time before confirmation of the Plan. However, if the Plan is modified, the Court may require a new disclosure statement and/or re-voting on the Plan.

The Debtor-in-Possession may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated *and* (2) the Court authorizes the proposed modifications after notice and a hearing.

C. **Final Decree**

Once the Estate has been fully administered, as provided in Rule 3022 of the Federal Rules of Bankruptcy Procedure, the Reorganized Debtor, 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. Alternatively, the Court may enter such a final decree on its own motion.

Dated as of February 28, 2011

Respectfully submitted,

By: /s/ William E. Touloumis
WILLIAM E. TOULOUMIS
Managing Member, Olympia Investment Group, LLC, as Managing Member of the Debtor

-and-

By: /s/Hugo S. deBeaubien
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