

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT**

IN RE:) No. 15-50553
Snyder, Stuart Scott and Doreen Anne) Chapter 11
Debtors) May 27, 2016

SECOND AMENDED DISCLOSURE STATEMENT

On April 23, 2015, Debtors (the “Debtors”) filed a voluntary petition for reorganization pursuant to Chapter 11 of the United States Code (The “Code”) with the United States Bankruptcy Court for the District of Connecticut (The “Court”). The Debtor has filed, together with this Disclosure Statement, their proposed First Amended Plan of Reorganization (The Plan). Pursuant to §1125 of the Code, the Debtor has prepared and filed this Disclosure Statement (The Disclosure Statement) along with the Plan for the Court's approval for submission to the holders of claims and interests with respect to the Debtor and their assets. The purpose of this statement is to provide the holders of claims against or interests in the Debtor with adequate information about the Debtor and the Plan to make an informal judgment about the merits of approving the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF THEIR PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR. THE INFORMATION CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT ANY INACCURACY ALTHOUGH EVERY EFFORT HAS BEEN MADE TO BE ACCURATE. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION AS TO THE MERITS OF THE PLAN.

IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims

and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.

I

GENERAL HISTORY

Debtor Stuart Snyder started working in construction while attending college, and opened his own company in 1987. Stuart's company was successful, allowing him to donate considerable time and resources to his community, as well as earning a living.

This continued until he commenced acting as the construction manager for two spec homes in Haworth, New Jersey owned by an individual known as Michael Maisel and his relatives. At or around the same time, Stuart's brother in law, Joseph Murphy, approached him looking to invest some money in some real estate projects. This was the most recent in a series of requests by Mr. Murphy over the years to invest in real estate projects in which Stuart was involved, to which Stuart had previously declined. Stuart relented and introduced Mr. Murphy to Maisel, and Maisel and Mr. Murphy reached an agreement as to the investment terms on one of the above two houses, to be paid upon sale. In connection with this agreement Mr. Murphy wired certain funds directly to Mr. Maisel's attorney.

Stuart later agreed to allow Mr. Murphy to invest in a project in Greenwich, Connecticut, but the property was unable to be effectively developed due to wetland restrictions. Maisel and Mr. Murphy eventually agreed to an additional investment in the second of the two houses.

Mr. Maisel failed to repay Mr. Murphy on his investment, instead selling both houses without Stuart or Mr. Murphy's knowledge, at below market value, one of which was sold to a relative of Maisel. Not only did Mr. Murphy lose his investment but Maisel failed to pay Stuart hundreds of thousands of dollars in management fees and unreimbursed expenses. Maisel also failed to pay numerous subcontractors and vendors involved in the construction, and

unbeknownst to Stuart directed these parties to Stuart by falsely claiming that Stuart owned the houses.

Once Stuart learned about Maisel's failure to pay himself, Murphy, and various subcontractors Maisel had convinced to continue working on the houses by assuring them Stuart would pay them, he confronted Maisel. Maisel assured Stuart not to worry and that his lawyer – the same lawyer who later withdrew from representation as discussed below - was taking care of it, and in addition he had family money, and that therefore everyone would be paid. Instead, Maisel sold the properties without paying anyone as discussed above. This resulted in Stuart owing subcontractors and vendors hundreds of thousands of dollars, and two such subcontractors obtained judgment liens against his residence.

Mr. Murphy blamed Stuart for Maisel's failure to be repaid his investment, and along with his wife sued Stuart and Doreen, Maisel, and other individuals and companies involved in the project in federal court in the Eastern District of New York. Debtors attempted to defend the case, but during the pendency of same the attorney Maisel hired to represent all Defendants withdrew from representation due to a conflict of interest obvious to the attorney but unknown to the Debtors. Only then did the Debtors realize that the attorney had not lifted a finger to defend any of the defendants and that a default judgment had entered against all of them. Stuart and Doreen incurred over \$100,000 in litigation costs to open the default judgment and attempt to defend themselves, but due to Stuart's business suffering as described below, he ran out of money to pay for attorneys. As a result, although Debtors had good defenses to the action, including the fact that Doreen had no involvement with Mr. Murphy or Stuart's business at the time of the above events, they could no longer afford counsel. Judgment entered for the Murphys in the amount of \$634,778.

At the time the Murphys commenced their suit in 2010, Stuart was involved with Maisel in other construction projects. As Stuart learned of Maisel's actions and their relationship deteriorated, Maisel engaged in activities that soured Stuart's other projects, greatly negatively impacting his business. Maisel approached other job sites and advised subcontractors that he was going to put Stuart out of business and would involve those subcontractors in the litigation. He and his brother in law, Howard Kagan, also made false statements to several clients, resulting in Stuart being terminated from several jobs and suffering hundreds of thousands of dollars in lost income. Two such clients, Matthew and Dara Wasserlauf, sued Stuart, Maisel, and other

parties, which ultimately resulted in another judgment against Stuart of \$437,631.10. Maisel also placed a lis pendens on another property in which Stuart was providing construction management services, resulting in Stuart losing his investment in and the expected income from same.

In addition, one of Stuart's unpaid vendors placed a lis pendens on a property owned by an individual named Neil Shirvan, an investor Stuart had brought into the New Jersey real estate projects and who was an investor in other projects managed by Stuart at the time. This resulted in Shirvan failing to pay Stuart for his work on these projects, further damaging his business. Kagan likewise terminated Stuart's services on another project after Stuart had completed construction, never paying him hundreds of thousands of dollars owed for services rendered.

The loss of all this income – which Debtor estimates exceeded \$1 million in total - left the Debtors without the ability to pay their taxes, and ultimately their mortgage, which led to the filing of the instant Chapter 11 case.

Stuart has used his time in this case to devote considerable time and effort to rebuilding his reputation and his business, working with local real estate agents to find unique properties for the owners to develop. As a result, his business volume has greatly increased, and he has doubled his businesses' gross income from 2014 to 2015. Doreen has likewise considerably increased her income during the pendency of the case. Accordingly, while the payments Debtors propose in their plan are considerable, Debtors believe they can make same payments and render this a successful reorganization.

II

POST-PETITION PROCEEDINGS AND BUSINESS OPERATION

The Debtors have filed all outstanding federal and state income tax returns. They have or will file an objection to the claim of the IRS to correct the amounts claimed due. They have filed all operating reports and paid all outstanding US Trustee fees. Debtor Stuart Snyder has used the time afforded by this case to grow his business, such that his gross income has more than doubled from 2014 to 2015. Doreen Snyder has likewise increased her annual income by approximately \$20,000.

III

PRE-PETITION DEBT

The following claims were taken from the Debtor's schedules, from filed proofs of claim, and from the final or pending results of any objections to such claims. Where they conflict, the amounts from the proofs of claim have been used:

A. Priority Claims include:

1. The claim of the Internal Revenue Service for unpaid income taxes for the years 2013-2014, in the amount of \$20,532.00.
2. The claim of the Department of Revenue Services for unpaid income taxes for the years 2013-2014, in the amount of \$41.00.
3. The claim of the State of New Jersey for unpaid withholding taxes in the amount of \$2,000.00.

B. Secured Claim includes:

1. The claim of Farmington Bank for \$1,677,582.91 which includes arrears of \$384,654.43.
2. The claim of the Greenwich Tax Collector for real estate taxes from the 2011-2014 Grand Lists in the amount of \$66,972.54.
3. The claim of Dykes Lumber company on account of a judgment lien in the amount of \$32,180.35.
4. The claim of Passaic Metal and Building Supplies Company on account of a judgment lien in the amount \$9,029.96.
5. The claim of the State of Connecticut Department of Revenue Services on account of a tax lien for unpaid income taxes in the amount of \$31,158.39.
6. The claim of the Internal Revenue Service on account of a tax lien in the amount of \$394,618.96
5. The claim of the State of New Jersey on account of a tax lien in the amount of \$680.88.
7. The claim of Joseph and Nancy Murphy on account of a judgment lien in the amount of \$634,778.39* **

*Debtors assert this lien is unsecured by virtue of §522(f) and §522(c). *See, e.g., In re Ash*, 166 B.R. 202, 204-205 (Bankr. D. Conn. 1994) (Krechevsky, J.) (judicial lien may be

avoided in its entirety as impairing the debtor's exemption under § 522(d)(1), notwithstanding that any debt resulting from claim may prove to be nondischargeable). While Debtors will treat said lien as secured in their plan, all rights are reserved in this regard, especially if this matter converts to a Chapter 7 case.

****The Murphys have brought a nondischargeability action based on the judgment underlying this judgment lien, No. 15-05042, which Debtors contest. This does not affect their treatment under Debtors' plan but all rights are reserved regardless.**

D. Unsecured Claims. There are a total of 22 creditors holding unsecured claims, in a total estimated amount of \$1,026,284.17.

IV

THE PLAN OF REORGANIZATION

A. Definitions

1. Administrative Expense means any right to payment constituting a cost or expense of administration of the Reorganization Cases that is Allowed under §§503(b), 507(a)(1), and 507(b) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' Estates, (b) any actual and necessary costs and expenses of operating the Debtors' business, (c) any indebtedness or obligations incurred or assumed by the Debtors in Possession during the Reorganization Cases, and (d) any compensation for professional services rendered and reimbursement of expenses incurred, to the extent Allowed by Final Order under section 330 or 503 of the Bankruptcy Code.

2. Affiliate includes (i) with respect to the Debtor, all persons within the meaning set forth in §101(2) of the Bankruptcy Code, (ii) any Person in which the Debtor holds an ownership interest or serves as an officer, director, or manager, and (iii) with respect to any Person (including, without limitation, a Debtor) another Person who controls, is controlled by, or is under common control with, such Person.

3. Allowed means (i) with reference to any Claim, (a) any Claim against any Debtor, which has been listed by such Debtor in his/hers/theirs Schedules (as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1007) as liquidated in amount and not disputed or contingent and for which no proof of Claim has been filed, (b) any Claim as to which the liability of a Debtor and the amount thereof are determined

by a Final Order, or (c) any Claim against any Debtor allowed pursuant to this Plan, and (ii) with reference to any Claim or Administrative Expense, (a) any Claim or Administrative Expense that is the subject of a timely filed proof of Claim or request for an Administrative Expense as to which no objection to allowance or request for estimation has been interposed on or before the applicable period of limitation fixed by this Plan or otherwise ordered by the Bankruptcy Court, or as to which any objection or request for estimation has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, (b) any Claim or Administrative Expense expressly allowed under this Plan, or (c) any Claim or Administrative Expense allowed under §§502, 503, or 1111 of the Bankruptcy Code. Unless otherwise specified in this Plan or ordered by the Bankruptcy Court, "Allowed Claim" or "Allowed Administrative Expense" shall not include interest.

4. **Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code.

5. **Code** shall mean the Bankruptcy Reform Act of 1978, codified as Title 11 of the United States Code, in effect as of Debtors' Petition Date.

6. **Confirmation Date** shall mean the date upon which the Court approves the Debtor's plan.

7. **Court** shall mean the United States Bankruptcy Court for the District of Connecticut including the United States Bankruptcy Judge presiding therein.

8. **Effective Date** shall mean the first business day following the last day on which an appeal from an Order of the Court confirming this Plan may be taken under applicable law and no such appeal has been taken or if such an appeal has been taken, the first business day following the date upon which such appeal has been exhausted and the Plan may Proceed.

9. **Petition Date** shall mean April 23, 2015, the date Debtor filed the instant Chapter 11 Case.

10. **Person** means an individual or a partnership, corporation, limited liability Debtor, cooperative, trust, unincorporated organization, association, joint venture, government or agency or political subdivision thereof, or any other form of legal entity.

11. **Representatives** includes, with respect to any particular Person, such Person's present, former or future officers, directors, employees, consultants, members, managers, partners, principals, agents, advisors (including any attorneys, financial advisors, investment bankers, and other professionals retained by such Persons), Affiliates, and representatives.

12. **Debtors' Real Property** shall mean 33 Barton Lane, Cos Cob, Connecticut.

13. The **Litigation Proceeds** shall mean the proceeds from the Causes of Action and collection of accounts receivable, after payment of all litigation costs, including without limitation reasonable attorney's fees.

14. **Voting, Cram Down and Confirmation**

a. **Voting**

In order to obtain confirmation of the Plan by the Bankruptcy Court, the Plan must be accepted by the Creditors of Classes 1, 2, 3, 4, 5, 6, 8, and 9, assuming that their claims are Allowed Claims. Of those creditors in Class 9 who have Allowed claims and actually vote on the Plan, creditors holding at least two-thirds in dollar amount of the allowed claims and who constitute more than one-half in number of such voting creditors must vote for the Plan in order for the Plan to be confirmed.

Administrative claims are to be paid in full upon the Effective Date (unless they consent to other treatment); they are not impaired under the Plan and are deemed to have accepted the Plan. Creditors within a class vote as part of a class.

b. **Cram Down**

1. If any class should fail to accept the Plan by the required majority, the court may, under §1129(b) of the Bankruptcy Code, nonetheless confirm the Plan if at least one impaired class has accepted the Plan and the court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any impaired class which has not accepted the Plan. A plan is "fair and equitable" within the meaning of this section if it provides as to a dissenting class of secured creditors, retention of the lien securing the claim in the allowed amount of the claim, and payment of deferred cash payments totaling the allowed amount of such claim and having a value, as of the effective date of the Plan, of his/hers/theirs collateral. As to a dissenting class of unsecured creditors, a Plan is "fair and equitable" if it receives property of a value, as of the effective date of the Plan, equal to the allowed amount of his/hers/theirs claims, or the holders of claims in junior classes will receive or retain nothing under the plan. The rule that junior classes receive or retain no property is sometimes called the absolute priority rule". However, an exception to this rule exists where either the plan provides for a liquidation or a junior class makes a "substantial" contribution of new money or property into the debtor as part of a plan of reorganization, and this exception may provide an opportunity

for the Debtor to retain his interest in his property. The Debtor intends to invoke these "cram down" provisions against any class, secured or unsecured, that fails to accept the Plan as follows: Debtors agree to amend their disclosure statement to provide that Greenwich Development, LLC will borrow an amount sufficient for a substantial contribution of new value in the amount of \$55,000. Given the total amount of the unsecured debt and the total value of their assets, and the relevant caselaw, Debtors reasonably believe that this amount constitutes a substantial contribution of new value that will satisfy the absolute priority rule should it be invoked by the rejection of the plan by the unsecured class. In addition, the Debtors will advertise the New Value opportunity to the public by publishing the Legal Notice attached hereto as Exhibit D in the Connecticut Post Legal Section for the two Saturdays prior to the deadline to object to confirmation.

2. To the extent that the word "impaired" is used, impaired shall have the definition set forth in 11 USC §1124, except as to unfavorable treatment agreed upon by any class or claimant.

B. The major objectives of the Debtor's Plan of Reorganization are:

1. Payment to and protection of the interests of the secured creditors;
2. Payment of all obligations to the taxing authorities;
3. The payment of all priority and administrative claims;
4. Payment of an amount to unsecured creditors that is not less than such creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan. The following is a brief summary of the Plan and should not be relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel or with each other in order to fully understand and evaluate the Plan.

All creditors who are listed in the Debtor's schedules filed with the Bankruptcy Court may vote on the Plan whether or not they have filed proofs of claim, except in those instances where the schedules reflect that the claim is disputed, unliquidated, contingent or where objections to claims have been filed. Further, all creditors who are listed in the schedules will receive payment pursuant to the Plan whether or not a Proof of Claim was filed, except in those instances where the schedules reflect that the Creditor's claim is disputed, contingent, or unliquidated or the Debtor has objected to such listed debt. In the case where the Debtor has

objected to claims and/or listed debts, payments will be made in accordance with the Plan upon the Court's final decision as to the allowed amount. Where a proof of claim is filed in an amount different from that set forth in the Debtor's schedules, or is filed as a claim which the schedules list as disputed, contingent or unliquidated, the same may be subject to objection, and after a hearing thereon, may be either allowed, reduced or disallowed by the Court and the amount determined in that instance will establish the amount to be paid to the Creditors pursuant to the Plan.

C. Claims And Interests under the Plan.

1. Priority Claims include:

- a. The claim of the Internal Revenue Service for unpaid income taxes for the years 2013-2014, in the amount of \$20,532.00.
- b. The claim of the Department of Revenue Services for unpaid income taxes for the years 2013-2014, in the amount of \$41.00.
- c. The claim of the State of New Jersey for unpaid withholding taxes in the amount of \$2,000.00.
- d. The claim of the State of New York for unpaid income taxes in the amount of \$3,914.20.

2. Secured Claims include

- a. The claim of Farmington Bank for \$1,677,582.91 which includes arrearages of \$384,654.43.
- b. The claim of the Greenwich Tax Collector for real estate taxes from the 2011-2014 Grand Lists in the amount of \$66,972.54.
- c. The claim of Dykes Lumber Company on account of a judgment lien in the amount of \$32,180.35.
- d. The claim of Passaic Metal and Building Supplies Company on account of a judgment lien in the amount \$9,029.96.
- e. The claim of the State of Connecticut Department of Revenue Services on account of a tax lien for unpaid income taxes in the amount of \$31,158.39.
- f. The claim of the Internal Revenue Service on account of a tax lien in the amount of \$394,618.96

g. The claim of the State of New Jersey on account of a tax lien in the amount of \$680.88.

h. The claim of Joseph and Nancy Murphy on account of a judgment lien in the amount of \$634,778.39.* **

*Debtors assert this lien is unsecured by virtue of §522(f) and §522(c). *See, e.g., In re Ash*, 166 B.R. 202, 204-205 (Bankr. D. Conn. 1994) (Krechevsky, J.) (judicial lien may be avoided in its entirety as impairing the debtor's exemption under § 522(d)(1), notwithstanding that any debt resulting from claim may prove to be nondischargeable). While Debtors will treat said lien as fully secured in their plan, all rights are reserved in this regard, especially if this matter converts to a Chapter 7 case.

**The Murphys have brought a nondischargeability action based on the judgment underlying this judgment lien, No. 15-05042, which Debtors contest. This does not affect their treatment under Debtors' plan but all rights are reserved regardless.

3. Unsecured Claims. There are a total of 22 creditors holding unsecured claims, in a total estimated amount of \$1,026,284.17.

D. Treatment of Claims and Interests Under the Plan

1. Administrative Claims. Administrative claims shall be paid in full on or before the Effective Date or as otherwise provided herein or upon allowance by the Court, whichever is later. Any entity herein may elect to receive payment over a period of time or a different treatment. Any entity herein may elect to receive payment over a period of time or a different treatment, provided same agreement is reduced to writing and signed by the parties. The administrative claims include the claim of Charmoy & Charmoy for Attorney's fees in the estimated amount of \$6,500.00 and the claim of Anthony Kostioh, Debtor's accountant, in the estimated amount of \$14,750.00.

2. United States Trustee's Fees. All moneys due the U. S. Trustee pursuant to 28 USC §1930 will be paid on or before the Effective Date. In accordance with §1129(a)(12) of the Bankruptcy Code and 28 U.S.C. §1930, all quarterly fees payable to the United States Trustee shall be paid by the debtor in full on or before their respective due dates and shall continue to be assessed and paid until such time as a final decree closing, converting or dismissing this case is

entered by the Court. The debtor shall also timely file monthly operating reports every month until such time as a final decree is entered by the Court or the Court enters an order converting or dismissing this case.

3. Allowed Priority Claims under §507(a)(8). Unless otherwise agreed with the holder of said claim, Allowed Priority Claims will be paid in full within 5 years from the Petition Date, as follows:

- a. The claim of the Internal Revenue Service in the amount of \$20,532.00 shall be paid at 3% interest amortized over 42 months, paid in 42 monthly installments of \$515.58.
- b. The claim of the Department of Revenue Services in the amount of \$41.00 shall be paid on the Effective Date.
- c. The claim of the State of NJ in the amount of \$2,000.00 shall be paid at a statutory 6.5% interest amortized over 24 months, paid in 24 monthly installments of \$30.33.
- d. The claim of the State of New York in the amount of \$3,914.20 shall be paid at a statutory 7.5% interest amortized over 42 months, paid in 42 monthly installments of \$106.25.

The final payment under the Plan of each Allowed priority claim in the amount set forth in their respective Allowed proof of claim shall extinguish and discharge any such liability to the Debtor in full, including without limitation any interest charged on said claim, so long as Debtor makes said monthly payments.

4. Secured Claims.

- a. The **Class 1** claim of Farmington Bank for its arrearage of \$384,654.43 shall be paid initially in the amount of \$100,000 in 60 monthly installments of \$1,666.67 without interest pursuant to §1123(d). The balance of the claim shall be paid through Debtors' refinance of their residence, as further discussed below. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value

of its interest in the Debtors' Real Property. Debtors shall maintain their normal monthly payments on Class 1's mortgage until same is refinanced as discussed below. This claim is impaired.

Should Debtors be unable to refinance their residence, payments on account of the arrearage shall continue for the next 96 months, payable in 96 monthly installments without interest in the amount of \$2,965.15 per month. Debtors shall continue to attempt to refinance their residence over this remaining term to pay the then remaining balance owing to this class. This class is impaired.

b. The **Class 2** claim of the Greenwich Tax Collector in the amount of \$66,972.54 shall be paid at 18% statutory interest in 60 monthly installments of \$1,700.66. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. This class is impaired.

c. The **Class 3** claim of Dykes Lumber Company in the amount of \$32,180.35 shall be amortized over 5 years and shall be paid at 3.5% interest in 60 monthly installments of \$585.42. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. This class is impaired.

d. The **Class 4** claim of Passaic Metal and Building Supplies Company in the amount of \$9,029.96 shall be amortized over 5 years and shall be paid at 3.5% interest in 60 monthly installments of \$164.27. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. This class is impaired.

e. The **Class 5** claim of the State of Connecticut Department of Revenue Services in the amount of \$31,158.39 shall be amortized over 5 years and shall be paid at

12% statutory interest in 60 monthly installments of \$693.10. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. This class is impaired.

f. The **Class 6** claim of the Internal Revenue Service in the amount of \$394,618.96 shall be initially paid in the amount of \$175,000.00 at 3% interest amortized over 5 years in 60 monthly installments of \$3,144.52. To the extent this claim includes any tax amounts entitled to priority on account of the 2011 income taxes owing, said portion of the claim shall be paid first, so as to comply with §1129(a)(9)(C). This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. The balance of the claim shall be paid through Debtors' refinance of their residence, as further discussed below.

Should Debtors be unable to refinance their residence, payments on account of the estimated remaining balance due of \$257,613.64 shall continue for the next 96 months, amortized over 8 years and payable in 96 monthly installments at 3% interest in the amount of \$3,021.70 per month. Debtors shall continue to attempt to refinance their residence over this term to pay the then remaining balance owing to this class. This class is impaired.

g. The **Class 7** claim of the State of New Jersey in the amount of \$680.88 shall be paid on the Effective Date. This class is unimpaired.

h. The **Class 8** claim of Joseph and Nancy Murphy in the amount of \$634,778.39 shall be initially amortized over 20 years and shall be paid at 3.5% interest in equal monthly installments of \$3,681.46. This class shall retain the liens securing such claim to the extent of the allowed amount of such claims, and shall receive deferred cash payments on account of such claim totaling at least the allowed amount of such claim, of a value, as of the Effective Date, of at least the value of its interest in the Debtors' Real Property. This Class shall agree to subordinate their lien or take any other action necessary to allow Debtors to complete the refinance discussed below, whenever

same may occur. After said refinance, or if said refinance should not occur, the remaining balance of approximately \$514,973.45 shall be paid over 5 years at 3.5% interest amortized in 60 equal monthly installments of \$9,368.27. This class is impaired.

i. **Unsecured Claims. Class 9 contains** the unsecured creditors who have Allowed Claims. Class 5 shall be paid 15% pro rata, over 12 years, in quarterly installments of \$3,207.11. Debtor reserves the right to pay said quarterly payments in advance, so long as the total payments made in the quarter total the above. In addition, Debtor shall have the option to pay any Allowed Unsecured Claim a total of 7.5% prorata (inclusive of any payments made to said Claimant by same date) so long as same amount is paid, in a lump sum and/or installments, within one (1) year of the Effective Date. Said payment shall satisfy that unsecured creditors Allowed Claim in full, except to the extent of Claimant's pro rata share of the Litigation Proceeds.

Should the Debtors decide after further investigation, however, that the above described Causes of Action and accounts receivable have value and should be prosecuted and/or collected, they shall distribute 50% of the Litigation Proceeds to the Allowed Claims in Class 9. This class is impaired.

Payments under the Plan will commence on or before 30 days after the Effective Date.

E. Effects of Plan confirmation. Among the effects of confirmation will be the discharge of the Debtors. Except as otherwise expressly provided in the Plan and/or the Agreement, upon the Debtor's completion of all payments under the Plan, and upon court order after notice and hearing with right to object pursuant to 11 U.S.C. §1141(d)(5), the Plan shall discharge the Debtor effective immediately from any Claim and any "debt" (as that term is defined in §101(11) of the Bankruptcy Code), and the Debtors' liability in respect thereof is extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of the Debtors entered into or obligation of the Debtors incurred or that arose prior to the Effective Date, or from any conduct of any of the Debtor arising prior to the Effective Date, or that otherwise arose before the Effective Date, including, without limitation, all interest, if any, on any such debts,

whether such interest accrued before or after the Petition Date, and including, without limitation, any liability of a kind specified in §§502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a proof of claim is filed or deemed filed under section 501 of the Bankruptcy Code, such Claim is allowed under §502 of the Bankruptcy Code, or the holder of such Claim has accepted the Plan.

V

FINANCIAL INFORMATION

A. Preferences and/or fraudulent transfers: There have been no fraudulent transfers. The Internal Revenue Service garnished Doreen's pay at the amount of \$300 per pay period, or in the approximate amount of \$1,800 within 90 days of the Petition Date. While same constitutes a preference within the meaning of §547, the Service had a valid liens at the time of the garnishment. Debtors will further investigate how the Service applied same payments, and should same have been applied to unsecured amounts due they will resolve the matter either through litigation or mutual agreement.

B. Executory Contracts

All executory contracts not specifically assumed in the Plan or objected to prior to confirmation shall be rejected by the confirmation of the Plan.

C. Debtor's Assets and Liquidation Analysis

Debtors' attach the face sheets of the appraisal of their Real Property as Exhibit B (full copies of the appraisal are attached to the Disclosure Statement on file with the court). Debtor's Liquidation Analysis is attached hereto as Exhibit A. Said Analysis shows what creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan as described in Section IV. B. In addition, as indicated on their Liquidation Analysis (Exhibit A), Debtors own the potential Causes of Action (the "Causes of Action") against various parties and also various accounts receivable, which will also require litigation in order to collect on same. Due to the high potential time and monetary costs of bringing these causes of action, potential negative impact on Stuart's business, the likely potential defenses to same, and the usual risks of litigation, at this time Debtors reasonably believe the liquidation value for these pieces of litigation is zero. Should Debtors decide, after further investigation, the above described Causes

of Action and accounts receivable have value and should be prosecuted and/or collected, they will distribute the Litigation Proceeds pro rata to unsecured creditors as set forth above.

D. Means of Effectuation of the Plan

Debtor's payments under the plan will be made from profits from Stuart's business operations, Doreen's employment, and through the refinancing of Debtors' Real Property within 5 years of the Effective Date. Debtors reasonably believe, given the above payment schedule, that they will have a sufficient loan to value ratio in order to refinance to pay off the remaining balances owing the secured claims of Classes 1 and 6. They have made appropriate payment provisions should this refinance not occur. In making this proposal Debtors make the reasonable assumption that the value of the Real Property will not decrease.

E. Profit History and Projection

The Debtors plan to make payments to creditors from Stuart's profits from his business and from Doreen's employment. Debtors' attach their financial projections hereto as Exhibit C. The reader is cautioned that Debtors' income is dependent on a variety of factors, not all of which are under the Debtors' control, including but not limited to the state of the economy. The Debtors reasonably expects that they will generate sufficient income in order to make the required payments under the Plan and that the proposed Plan is in the best interests of his/hers/theirs creditors. The goal of providing unsecured creditors with a value at least that would be received in a liquidation is therefore dependent on the Debtors' future wages.

DEBTORS

BY: _____/s/_____
Stuart Snyder

BY: _____/s/_____
Doreen Snyder

By: _____/s/_____
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